U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended February 28, 2013

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission file number: 000-52735

METASTAT, INC.

(Exact name of Registrant as Specified in Its Charter)

NEVADA	**20-8753132**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
8 Hillside Avenue, Suite 207 **Montclair, New Jersey**	**07042**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(973) 744-7618**

SECURITIES REGISTERED PURSUANT TO SECTION 12 (B) OF THE ACT: **NONE**

SECURITIES REGISTERED PURSUANT TO SECTION 12 (G) OF THE ACT:

COMMON STOCK, PAR VALUE $0.0001 PER SHARE

Name of each exchange on which registered: **The OTC Bulletin Board**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ] Yes [x] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [x] No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [x] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [x] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ] Yes [x] No

The aggregate market value of the shares of common stock, par value $0.0001 per share, of the registrant held by non-affiliates on August 31, 2012 was $73,451,256, which was computed upon the basis of the closing price on that date.

There were 21,469,431 shares of common stock of the registrant outstanding as of May 28, 2013.

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INTRODUCTORY NOTE

Except as otherwise indicated by the context, references in this Annual Report on Form 10-K (this "Form 10-K") to the "Company," "MetaStat," "we," "us" or "our" are references to the combined business of MetaStat, Inc., a Nevada corporation, and its consolidated subsidiary.

Special Note Regarding Forward-Looking Statements

The statements contained in this Form 10-K, including under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this Form 10-K, include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding our or our management's expectations, hopes, beliefs, intentions or strategies regarding the future. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained in this Form 10-K are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the section titled "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART I

Item 1. BUSINESS

Overview

We are a development stage life sciences company that is focused on developing and commercializing novel diagnostic technologies and therapeutics for the early and reliable prediction and treatment of systemic metastasis - cancer that spreads from a primary tumor through the bloodstream to other areas of the body. Systemic metastasis is responsible for ~90% of all solid tumor cancer related deaths and as such, we believe that more effective treatment of metastatic disease and/or the prevention of systemic metastasis is needed to improve patient outcomes.

MetaStat's licensed proprietary platform technologies are based on the identification of a common pathway for the development of metastatic disease in solid epithelial-based tumors. These discoveries are the result of over 15 years of collaboration with four scientific/academic institutions including the Albert Einstein College of Medicine of Yeshiva University ("Einstein"), Massachusetts Institute of Technology ("M.I.T."), Cornell University ("Cornell"), and the IFO-Regina Elena Cancer Institute ("IFO-Regina" and, collectively with Einstein, M.I.T. and Cornell, the "Licensors") that enabled us to understand the underlying biology and mechanisms of systemic metastasis. Central to these discoveries are i) the "MetaSite™," the micro-anatomical site, or "window" in the blood vessels that metastatic cells squeeze through to enter the blood stream to begin their deadly spread, and ii) the pivotal role of the Mena protein and its isoforms in the metastatic cascade, both of which are described in greater detail herein.

We are developing two function-based diagnostic product lines, MetaSite *Breast*™ and MenaCalc™. The MetaSite *Breast*™ test measures the process of systemic metastasis and is intended for early stage breast cancer patients. MenaCalc™, a platform of diagnostic assays, based on the measurement of the balance of the Mena protein isoforms, is broadly applicable in solid epithelial-based cancers, including breast, prostate, lung and colorectal. Both our MetaSite *Breast*™ and MenaCalc™ diagnostics are designed to accurately predict the probability of systemic metastasis and to allow clinicians to better "customize" cancer treatment decisions by positively identifying patients with a high-risk of systemic metastasis who need aggressive therapy and by sparing patients with a low-risk of systemic metastasis from the harmful side effects and expense of chemotherapy. Our initial focus is on breast cancer and we believe both our function-based diagnostic assays for breast cancer provide different and discordant information from the proliferative (tumor growth) assays currently on the market.

Additionally, we are developing our MenaBloc™ therapeutic platform, with the goal of discovering inhibitors of the Mena pathway that can be advanced as anti-cancer therapeutics in multiple epithelial-based tumor types.

Scientific Background

Our licensed technologies are based on novel ways of observing the behavior and mechanisms of metastatic cancer cells in tumors. As described in *Nature / Nature Methods* in December 2008, the Licensors' research team(s) invented and patented several tools that led to the discovery of our platform technologies, including an Intra-vital Imaging Window (the ability to capture images in a live animal) that is used in conjunction with multi-photon microscopy to directly observe how metastatic cells move inside living functioning tumors. The Licensors' research team(s) were the first to discover and explain how and why metastatic cells are attracted to blood vessels, which was described in *Clinical Cancer Research* in April 2009. The Licensors' research team(s) then invented and patented an artificial blood vessel that enabled us to attract a genetically discrete population of highly metastatic cells that allowed us to describe in detail the gene signature characteristic of tumor cells with high metastatic potential within intact primary tumors in living animals, which was described in *BMC Biotechnology* in 2003. Through direct visual observation, we discovered the micro-anatomical site, or "window" in the blood vessels that metastatic cells squeeze through to enter the blood stream to begin their deadly spread.. This window or site was named the "Tumor Microenvironment of Metastasis" or "TMEM." The TMEM is a trio of cells present together in the same microanatomic site: an endothelial cell (a type of cell that lines the blood vessels), a perivascular macrophage (a type of immune cell found near blood vessels), and a tumor cell that produces the protein Mena. For convenience and ease of description, we have re-named this site of metastasis the "MetaSite™."

The Licensors' research team(s) reasoned that the density of these "windows" or MetaSites present in a tumor tissue sample correlated to the probability of distant site metastasis, as detailed in *Clinical Cancer Research* in April 2009. This is the basis of our first product, the MetaSite *Breast* ™ test, which is more fully described herein.

In continued research through collaborative studies by the Licensors' research team(s), the Mena protein and its invasive isoform, MenaINV were shown to enhance a cancer cell's invasiveness by helping cancer cells subvert normal regulatory networks regulating cell motility. These findings were published in *Development Cell* in December 2008. Cancer cells are thereby enabled to invade surrounding tissues and migrate toward and penetrate blood vessels. Mena is a member of a family of proteins known as vasodilator-stimulated phosphoprotein, or VASP proteins, which regulate cell motility by controlling the geometry of assembling actin fiber networks. The growth and elongation of actin fibers, part of the cell's cytoskeleton, are controlled by a process that caps their ends. Mena interferes with the actin capping allowing the actin fibers to lengthen by continuously polymerizing, thus pushing forward the leading edge of the cell. Mena also makes the cancer cells more sensitive to being attracted to blood vessels by epidermal growth factor ("EGF"). EGF is secreted by peri-vascular (associated with blood vessels) macrophages (one of the three cell types that constitute a MetaSite) and thus attracts and guides the migrant metastatic tumor cells to the MetaSite where they gain entry to the blood vessel and spread.

In research published in Cancer Research in March 2007, the Licensors' research team(s) discovered that Mena could be alternatively spliced to produce isoforms. These isoforms are slightly different sequences of the same amino acids that result in subtly different versions of the Mena protein. These small differences in Mena structure produce large differences in Mena protein effect. In further research published in *Development Cell* in December 2008, testing was done to compare the effects of the isoforms of Mena. Cancers expressing the invasive isoform of Mena, MenaINV, were compared with the less dangerous Mena isoforms including Mena11A. In a further experiment the invasive isoform of Mena caused the metastatic cancer cells that carried it to be up to forty times more sensitive to the chemo-attractant EGF.

The Licensors' research team(s) reasoned that individual metastatic potential of cancer could be detected by measurement of the relative amount of the isoforms of Mena, which was also published in *Development Cell* in December 2008. This is the basis of our MenaCalc™ diagnostic platform, which is more fully described below.

In a proof-of-concept study published in a 2010 issue of *Breast Cancer Research*, the Licensors' research team(s) investigated the role of Mena in tumor progression and metastasis. They developed a "Mena null" mouse; a mouse unable to produce the Mena protein or its isoforms. These Mena null mice were crossbred with polyoma middle T oncoprotein or "PyMT" mice (mice genetically predisposed to spontaneously develop highly metastatic cancer tumors). These Mena null PyMT mice were compared to control PyMT mice. Both groups of mice developed cancer tumors; however the Mena null mice's tumors stayed localized while the control mice developed systemic metastasis. More importantly, all the control mice succumbed to metastatic disease while the Mena null mice showed significant survival advantage with ~90% living to normal life expectancy. This is the basis of our MenaBloc™ therapeutic platform, which is more fully described below.

The Problem

Cancer is a complex disease characterized most simply by uncontrolled growth and spread of abnormal cells. Cancer remains one of the world's most serious health problems and is the second most common cause of death in the United States after heart disease. The American Cancer Society ("ACS") reported that in 2012 nearly 1.7 million people in the United States and 12.7 million people worldwide were diagnosed with cancer. Further, ACS predicts that there will be 232,340 new cases of breast cancer in 2013 and that 39,620 women will die from breast cancer in 2013.

When dealing with cancer, patients and physicians need to develop strategies for local, regional, and distant control of the disease. Ultimately, however, distant or metastatic disease is responsible for more than 90% of all cancer related deaths in patients with such common types of solid tumors as breast, prostate, lung and colon. Currently established clinical prognostic criteria such as the histopathologic grade of the tumor or tumor size do not successfully predict systemic metastatic potential. Even lymphatic invasion and the presence of regional lymph node involvement do not reliably correlate with subsequent systemic metastasis. This creates a dilemma for both patients and physicians as some patients require chemotherapy at the time of diagnosis of their tumor and others should be managed more conservatively as they actually have a very small risk of developing metastatic disease. The morbidity and small but significant mortality associated with a complete course of chemotherapy is ideally only warranted in patients who stand to benefit from this and should be avoided in patients with minimal metastatic risk. The actual benefit from chemotherapy is sometimes over-estimated as the benefit is only a 3% to 10% increase in 15-year survival in patients with breast cancer. To further illustrate the problem, 80% of patients with newly diagnosed breast cancer have historically been treated with chemotherapy. However, because only approximately 40% of these patients eventually relapse and develop metastatic disease, there is a significant subset of patients who are unnecessarily subjected to the acute and long-term side effects of current chemotherapeutic regimens.

In order to refine the quality of their diagnosis, pathologists may also use molecular staining techniques, including protein-specific staining in order to identify receptor sites that recognize hormones such as estrogen and progesterone and also the “Her-2/Neu” receptor. In breast cancer patients, oncologists may supplement this information by ordering the Onco *type* DX assay commercialized by Genomic Health, Inc., which has been endorsed by both the American Society of Clinical Oncology (“ASCO”) and the National Comprehensive Caner Network (“NCCN”), or one of the other proliferative diagnostic tests currently on the market. While these breast cancer assays, which primarily focus on gene-based diagnostics specific to proliferation (growth) of the tumor, have been useful and provide valuable information, they possess limitations. We believe these limitations include, but are not limited to: i) not being universally applicable to all new breast cancer cases, ii) being unable to provide an actionable recommendation for patients assigned to an intermediate risk classification, and iii) are based on statistical correlations.

As a result, we believe many cancer patients are misclassified as high risk when they are truly low risk for systemic metastasis or low risk when they are high risk for systemic metastasis, resulting in over-treatment for some and under-treatment for others.

Our Solution

Our Function-Based Diagnostic Approach

Through our unique understanding of the process of systemic metastasis, our function-based diagnostics aim to accurately predict the probability of systemic metastasis in cancer patients and to allow clinicians to better "customize" cancer treatment decisions by positively identifying patients with a high-risk of systemic metastasis who need aggressive therapy and by sparing patients with a low-risk of systemic metastasis from the harmful side effects and expense of chemotherapy. Based on this approach, we are developing the MetaSite *Breast*™ test for early stage cancer patients and the MenaCalc™ platform of diagnostic assays for breast, prostate, lung and colorectal cancers.

We believe both our function-based diagnostic product lines will provide valuable and actionable information to treating physicians with the following benefits:

- ***Improved Quality of Treatment Decisions***. MetaStat's approach to cancer diagnosis and prognosis should improve the quality of cancer treatment decisions by providing each patient with a probability of systemic metastasis. Our approach represents a substantial departure from existing approaches to treatment that often use statistically based or qualitative factors to determine treatments. The MetaSite *Breast*™ test has been shown in clinical studies, such as data published in an April 2009 issue of *Clinical Cancer Research,* to allow physicians to accurately classify many patients into systemic metastasis risk categories. The study also showed a lack of predictive power for classifications based primarily on tumor pathology grade and stage. The Company believes that its MetaSite *Breast* diagnostic/prognostic will allow patients and physicians to make more informed decisions about treatment risk-benefit considerations and, consequently, design an individualized treatment plan according to each patient.

- ***Improved Economics of Cancer Care***. We believe that improving the quality of treatment decisions can result in significant economic benefits. For example, in early stage breast cancer, data shows that many patients are misclassified as high or low risk for systemic metastasis. Many low-risk patients misclassified as high-risk receive toxic and expensive chemotherapy treatment regimens they might not undergo if the risks were accurately assessed. Chemotherapy and related costs have been estimated to range from $20,000 to $100,000 per patient, as compared to the anticipated MetaSite *Breast*™ list price of $2,595. On the other hand, some high-risk breast cancer patients are misclassified as low-risk and are not provided chemotherapy treatment when it makes sense for them to receive such treatment, possibly necessitating future treatment that would be more expensive ($128,000 on average) if the cancer metastasizes.

The MetaSite Breast™ Test

The MetaSite *Breast*™ test is designed to be a clinical laboratory test performed in our reference laboratory. We analyze Formalin Fixed Paraffin Embedded (FFPE) tumor tissue samples with a triple immunohistochemical stain containing antibodies to the three cell types found in the MetaSite. By detecting and quantifying these windows, or MetaSites, we are able to establish the density of MetaSites, which correlates to the risk of systemic metastasis. . We plan to provide physicians with information specific to the patient's tumor that predicts metastatic potential. Using predetermined cut-points, we aim to stratify patients into low, intermediate or high risk of developing metastatic disease within ten years of diagnosis.

To date, two successful trials on 44 (unpublished data) and 60 (published in *Clinical Cancer Research* 2009) human study subjects have been conducted and the results are described in greater detail in the "Clinical Development and Validation of the MetaSite *Breast*™ Test" section below. Additionally, in January 2013, we completed a "Large Population Validation" study of 500 tissue samples that is required in order to further our progress on the path to commercialize the MetaSite *Breast*™ test. The data from the Large Population Validation study has been submitted for publication in a peer-reviewed journal. The analysis performed in the two 44 an 60 patient trials confirmed that MetaSite density was significantly higher in patients who had developed metastatic breast cancer than in those who had localized disease. The studies also showed that the ability of the MetaSite density test to predict metastatic disease was independent of other currently used predictors, including tumor size, presence of lymphovascular invasion, and tumor grade. We expect the Large Population Validation study to provide even greater statistical power and allow us to establish "cut-points" for stratifying patients in clinically useful low, intermediate, or high risk groups based on the patients individual risk of systemic metastasis. We expect to be able to provide a "Metastasis Score" that will correlate to the risk of systemic metastasis and classify patients into systemic metastasis risk categories thus enabling physicians to make a more educated decision on the role of chemotherapy in individual patients.

We anticipate the list price for the MetaSite *Breast*™ test will be $2,595, which is considerably cheaper than the $4,290 list price of Genomic Health's Onco *type* DX test for breast cancer. We arrived at our projected list price for the MetaSite *Breast*™ assay by calculating our costs. We accounted for processing the arriving tumor tissue samples and we considered the wholesale price of reagents and the time factor for machinery involved in the staining of the three relevant cell types involved. Additionally, we also analyzed technician and administrative time and included a calculation for professional fees for the supervising pathologist(s). Finally, after sales and marketing expenses, we added a commercially reasonable factor for profit margin. This list price is not based upon any indication of what the market may be willing to pay for the MetaSite *Breast*™ test, and as such is a list price we hope to charge based on our internal costs.

The MetaSite *Breast*™ test will not require additional procedures on the patient or new equipment for treating physicians. We expect that once a patient is diagnosed with breast cancer and a physician orders the MetaSite *Breast*™ test, the pathology lab at the hospital or cancer center will provide us with a FFPE tumor block or thin section from the biopsy specimen utilized for the diagnosis. These specimens are chemically preserved and embedded in paraffin wax and therefore require no special handling and can be sent via overnight mail to our central reference laboratory. Once we receive the tissue sample, our pathology laboratory would log the sample and begin the processing procedure. Our staff will perform immunostaining, the process of staining cells using antibody-based stains, and will repeat this process multiple times for quality assurance. We expect to analyze the tissue sample and deliver our Metastasis Score and analysis to the treating physician within one week of receipt of the tissue sample. This is well within the critical decision timeframe after the tumor has been surgically removed and typically well before the patient and the treating physician(s) discuss additional treatment options.

Clinical Development and Validation of the MetaSite Breast™ Test

The MetaSite *Breast*™ test has, thus far, been validated in two human clinical studies. The results of a 60 patient trial were published in the peer-reviewed journal, *Clinical Cancer Research* in April 2009, which described how the MetaSite *Breast*™ test was able to predict the probability of systemic metastasis. In this five year minimum retrospective analysis, thirty pairs of women were selected and matched as closely as possible for clinical characteristics such as age, tumor size, tumor grade, lymphovascular involvement, and hormone status (ER, PR, Her2/Neu). No association was seen between MetaSite density/count and these clinical characteristics. However, MetaSite density was greater in patients who subsequently developed systemic metastasis compared with the patients who had only localized breast cancer (median, 105 vs. 50, respectively; P = 0.00006). For every 10-unit increase in MetaSites the odds ratio of systemic metastasis increased by 1.9 (95% confidence interval, 1.1-3.4). In other words, the number of MetaSites observed per patient ranged from 12 to 240 and the odds of metastasis nearly doubled for every increase of 10 MetaSites.

In data from an unpublished trial, the MetaSite *Breast*™ test was compared to the Onco *type* DX test distributed by Genomic Health, Inc. In 44 women with breast cancer, the Onco *type* DX Recurrence Score was compared to the MetaSite count. The analysis showed an insignificant correlation between the two tests with a Spearman rank correlation coefficient of 0.19. If this lack of correlation holds in planned larger scale testing it would mean that MetaSite *Breast*™ test will provide an invaluable source of additional information critical to clinical care and stratification of breast cancer patients.

Additionally, the MetaSite *Breast*™ test was evaluated in a 500 patient Large Population Validation study that was recently completed in January 2013. We entered into a Sponsored Research Agreement (the "Sponsored Research Agreement") in April 2011 with Einstein and Cornell for and on behalf of its Joan & Sanford I. Weill Medical College to conduct the study. The purposes of the Large Population Validation study are to (i) study the association between TMEM or MetaSite count at initial diagnosis of invasive ductal carcinoma of the breast and risk of systemic metastasis, and (ii) identify a cut-point for TMEM or MetaSite count that differentiates best between those who develop systemic metastasis and those who do not, and to calculate the sensitivity and specificity of these cut-points. In consideration for the study, we were required to pay $202,798 to Cornell and $514,756 to Einstein. On September 12, 2012, we entered into a formal amendment to the Sponsored Research Agreement to expand the scope of the research to include a comparison of TMEM or MetaSite count with the IHFC4 score. The total consideration for the study was amended to $169,513.76 to Cornell and $595,928.86 to Einstein in the aggregate. As of May 28, 2013, all outstanding payments have been satisfied in connection with the Sponsored Research Agreement, as amended. The Large Population Validation study was conducted retrospectively on already collected

human tissue samples and accompanying patient medical histories, which were provided from Kaiser Permanente. In this ten-year minimum retrospective study, 250 metastatic and 250 non-metastatic patients were matched as closely as possible with regard to tumor size, grade, lymph node involvement, and hormone receptor status at presentation and had their tissue samples scored for MetaSite density and the results were compared to the known outcome from their medical records. The Large Population Validation study is expected to provide even greater statistical significance and allow us to establish "cut-points" for stratifying patients in clinically useful low, intermediate and high risk groups. The results from the recently completed Large Population Validation have been submitted for publication in a peer-reviewed journal.

We anticipate conducting additional clinical studies that further validate and demonstrate the effectiveness and health economic benefit of the MetaSite *Breast*™ test as well as chemotherapy benefit in order to gain market acceptance and penetration as well as favorable reimbursement coverage from payors. We have identified additional tumor sample cohorts (with accompanying medical records) and anticipate commencing an additional study or studies within the next twelve to eighteen months, depending on access to the desired cohort(s).

New Product Development

MenaCalc™ Test for Breast Cancer

The MenaCalc™ test for breast cancer is a tissue test using disassociated, discontinuous cells available from a needle biopsy or fine needle aspiration (FNA). The individual expression levels of the isoforms of the Mena protein can be measured in cancer cells and the relationship of their levels are determined to establish a "Mena Score," or risk of systemic metastasis. In as of yet unpublished data, we have established a strong correlation between the Mena Score and the Metastasis Score from the MetaSite Breast™ test. Because the Mena Score is derived from disassociated, discontinuous cells available from a needle biopsy or FNA at a patients' initial or early visit, we believe that this diagnostic can be a valuable pre-operative tool to obtain the earliest possible picture of a breast cancer patient's individual metastatic profile.

Results from a completed 797 patient trial were published in *Breast Cancer Research* in September 2012. The results showed that MenaCalc™ could predict survival in breast cancer patients and was predictive in all molecular subtypes of breast cancer including estrogen, progesterone, and her2-Neu receptor negative (triple-negative) cancers. We believe that further validation studies are needed in order to begin initial marketing of the MenaCalc™ assay for breast cancer. We anticipate commencement of such study within the next twelve to eighteen months.

MenaCalc™ Test for Other Cancer Indications

The Mena protein isoforms have been shown to be a key potentiating factor in the progression to systemic metastasis in solid epithelial–based cancers, including prostate, lung and colorectal. We believe that we may be able to develop MenaCalc™ based diagnostic assays that will aid physicians in the management of a large proportion of future cancer patients.

In 2012, we completed a 72 patient trial at Yale University for a MenaCalc™ test for adenocarcinoma of the lung. In unpublished data, we found that MenaCalc™ could predict survival in adenocarcinoma of the lung. Although the sample size was small, we believe these findings were promising and we plan to initiate a larger confirmatory trial for the MenaCalc™ assay in adenocarcinoma of the lung patients.

Additionally, we have completed a small pilot study at M.I.T. for a MenaCalc™ test in predicting metastasis in prostate cancer. The results from this pilot study were sufficient to justify the planning and preparation of a larger scale confirmatory trial for MenaCalc™ in prostate cancer.

Market Potential of the MetaSite Breast™ Test and MenaCalc™ Test For Breast Cancer

The ACS predicts that in the U.S. there will be 232,340 new cases of breast cancer in 2013 and that 39,620 women will die from breast cancer the disease.

The data from the published 60 patient trial showed that the metastatic outcome was independent of traditional clinicopathologic characteristics including age, tumor grade, tumor size, and lymph node involvement. Additionally, from yet unpublished data, we believe that the market potential for the MetaSite *Breast*™ test includes those classified as estrogen receptor positive/her2 negative, a group that constitutes between 50 and 60 percent of breast cancer patients. Accordingly, we believe that our MetaSite *Breast*™ test will be applicable for approximately 115,000 to 138,000 new breast cancer cases annually.

Results from the MenaCalc™ breast cancer trial on 797 patients published in *Breast Cancer Research* in September 2012 showed that MenaCalc™ was predictive in all molecular subtypes of breast cancer including estrogen receptor negative and estrogen, progesterone, and her2-Neu receptor negative (triple-negative) cancers.

We believe that the market opportunity for our function-based diagnostic assays for breast cancer will cover the full spectrum of the approximately 230,000 invasive breast cancer cases without regard to molecular subtype.

MenaBloc™ Therapeutic

In a proof-of-concept study published in a 2010 issue of *Breast Cancer Research*, the Licensors' research team(s) investigated the role of Mena in tumor progression and metastasis. They developed a "Mena null" mouse; a mouse unable to produce the Mena protein or its isoforms. These Mena null mice were crossbred with polyoma middle T oncoprotein or "PyMT" mice (mice genetically predisposed to spontaneously develop highly metastatic cancer tumors). These Mena null PyMT mice were compared to control PyMT mice. Both groups of mice developed cancer tumors; however the Mena null mice's tumors stayed localized while the control mice developed systemic metastasis. More importantly, the control mice succumbed to metastatic disease while the Mena null mice showed significant survival advantage with ~90% living to normal life expectancy. It was concluded that deficiency of Mena decreases metastasis by slowing tumor progression and reducing tumor cell invasion and intravasation and suggest that functional intervention targeting Mena may provide a valuable treatment option to delay tumor progression and decrease invasion and metastatic spread. We intend to begin high throughput screening of candidate compounds in late calendar 2013 or early calendar 2014 with the goal of discovering a molecule inhibitor of the Mena protein.

Business Strategies

Our goal is to build a leading life sciences company focused on the development and commercialization of novel diagnostics and therapeutics that improve clinical outcomes and reduce overall medical costs. Key elements of our strategy to achieve this goal are to:

- continue to innovate and advance our licensed proprietary technologies;
- obtain and maintain our clinical reference laboratory accreditations and licenses and any other necessary approvals;
- initiate marketing efforts for our MetaSite *Breast*™ test;
- successfully develop our MenaCalc™ platform for breast, prostate, lung and colorectal cancers*;*
- successfully develop our MenaBloc™ therapeutic platform;
- obtain positive reimbursement decisions from third-party payors;
- expand in countries outside of the United States;
- attract and retain skilled personnel; and
- continue to obtain intellectual property and/or other protection for our technologies and products.

Research and Development

Our net research and development expenditures were approximately $516,798 and $854,550 for the years ended February 28, 2013 and February 29, 2012, respectively.

As of February 28, 2013, our research and development department included no full time employees, however, depending on the timing of our sponsored projects, it included up to 19 medical doctors, Ph.D. level scientists, and biomedical engineers, nine of whom we engaged in a consulting capacity and up to ten of whom are full time researchers that we funded through our research and development collaborations in connection with (i) the Sponsored Research Agreement for the Large Population Validation study of the MetaSite Breast test, (ii) studies using MenaCalc for breast and lung cancer at both Yale University and M.I.T., and (iii) the early discovery and development of the MenaBloc™ therapeutic at M.I.T.

Manufacturing

One of the advantages of the MetaSite *Breast*™ test is that it uses widely available immunohistochemical dyeing techniques to identify individual cell types. This staining technique uses antibodies that recognize individual cell types. By attaching different dye colors to different antibody types, the operator can view different cell types on a single slide. We believe this approach to diagnosis and prognosis of cancer is more cost effective than many genomic-based approaches currently on the market. We believe the most economical way to enter the market with the MetaSite *Breast*™ test will be through contract manufacturing for these immunohistochemicals. We have identified over twenty contract manufacturers that we intend to interview in anticipation of marketing for the diagnostic. We believe these contract manufacturers have experience and expertise to cost effectively produce, package, and ship the MetaSite *Breast*™ test reagents to us.

Selling and Marketing

We have begun the planning and preparation for marketing of the MetaSite *Breast*™ test. We plan to concentrate our initial marketing efforts beginning in 2014 at several large cancer centers in 5 to 10 select cities in the U.S. These centers have been selected because of the relationships between key opinion leaders at these centers and our management and advisory board members. These cancer centers include among others (i) New York-Presbyterian/Weill Cornell Medical Center, (ii) Montefiore Medical Center, the university hospital for the Albert Einstein College of Medicine, (iii) Memorial Sloan-Kettering Cancer Center which handles the largest number of breast cancer cases of any cancer center in the United States, and iv) the M.D. Anderson Cancer Center, the largest cancer center in the world, among others. We are currently pursuing strategic relationships with these and other cancer centers in order to apprise the medical community of the utility of our novel function-based diagnostic assays.

Assuming publication in a peer-reviewed journal of the Large Population Validation study results for the MetaSite *Breast*™ test, we will commence our commercialization efforts including establishing a CLIA certified reference laboratory, while concurrently building an appropriate sales and marketing team. We plan to hire and/or contract a sales staff with significant clinical oncology selling and marketing experience. Our sales approach will focus on the clinical and economic benefits of the MetaSite *Breast*™ test and the scientific validation supporting it. Our marketing strategy will focus on educating physicians, laboratory personnel and other healthcare professionals regarding the development of our novel technologies based on direct mechanistic markers and the value of the quantitative information our MetaSite *Breast*™ test will provide. We also plan to work closely with national and regional patient advocacy organizations that are focused on breast cancer care. Additionally, we intend to utilize the Internet for communicating with external constituencies, and develop our website to comprehensively present clinical information for healthcare professionals and educational information and materials for breast cancer patients.

We intend to promote our MetaSite *Breast*™ test through traditional marketing channels commonly used by the biopharmaceutical and pharmaceutical industries. Additionally, we will ultimately seek to have our function based diagnostic assays included in updated guidelines on the use of breast cancer tumor markers by ASCO and the NCCN. Our goal is to have oncologists order the MetaSite *Breast*™ test and have our Metastasis Score become a part of the standard evaluation of patients with newly diagnosed breast cancer.

We believe the key factors that will drive adoption for our MetaSite *Breast*™ test include, but are not limited to, our commercial efforts, continued publication of peer-reviewed articles and/or studies, clinical presentations at major symposia and conferences such as ASCO, the inclusion of our MetaSite *Breast*™ test in clinical practice guidelines, and the adoption of favorable reimbursement coverage by payors including Medicare and Medicaid.

Reimbursement

Based on our discussions with oncologists and heads of the departments of breast medical oncology at major cancer treatment centers, including Montefiore Medical Center, our MetaSite *Breast*™ test is expected to expand the field for diagnostics that will help payors lower costs through the implementation of customized cancer therapy. We hope to follow the recent roadmap established by Genomic Health, Inc. for its Onco *type* DX test for breast cancer to serve as a template for establishing a reimbursement strategy. When Genomic Health completed and published its 668 patient validation trial results for its Onco *type* DX test for breast cancer in 2004, it began receiving reimbursement from several regional payors. Shortly thereafter, Genomic Health entered into a reimbursement agreement with larger national payors.

We expect to offer our function-based diagnostic tests including MetaSite *Breast*™, as a clinical laboratory service. Revenues for our clinical laboratory diagnostics may come from several sources, including commercial third-party payors, such as insurance companies and health maintenance organizations ("HMOs"), government payors, such as Medicare and Medicaid in the United States, patient self-pay and, in some cases, from hospitals or referring laboratories who, in turn, may bill third-party payors. It is essential to our commercial success to get favorable reimbursement coverage by third-party payors for our MetaSite *Breast*™ test and other function-based diagnostic assays.

In order to gain broad reimbursement coverage, we expect to have to expend substantial resources on educating payors such as Kaiser Permanente, Aetna, United Healthcare, and others on the following attributes of our function-based diagnostic assays:

- Test performance;
- Clinical utility and effectiveness;
- Peer-reviewed publication and consistent study outcomes;
- Patient and physician demand; and
- Improved economics.

In determining whether or not Medicare will pay for a test, the Centers for Medicare and Medicaid Services, or CMS, which oversees Medicare, can permit third party contractors who process and pay Medicare claims to make that determination or it can make a national coverage determination, which will bind all Medicare contractors. In addition, each state's Medicaid program, which pays for services furnished to the eligible medically indigent, will usually make its own decision whether or not to cover our MetaSite *Breast*™ test. We anticipate that we will spend significant time and resources working with CMS in our effort to gain reimbursement coverage from Medicare and Medicaid.

Competition

The life sciences, biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary technologies and products. Any diagnostic product(s) that we successfully develop and commercialize will compete with existing diagnostics as well as new diagnostics that may become available in the future. While we believe that our technology and scientific knowledge provide us with competitive advantages, we face potential competition from many different sources.

We believe our main competition will be from existing diagnostic methods used by both pathologists and oncologists. It is difficult to change or augment these methods as they have been used for many years by treating physicians. In addition, capital equipment and kits or reagents offered to local pathology laboratories represent another source of potential competition. These kits are used directly by the pathologist, which facilitates adoption more readily than diagnostic tests like ours that are performed outside the pathology laboratory.

We also face competition from competitors that develop diagnostic tests, such as Genomic Health, Inc., Agendia, Inc., Genoptix Medical Laboratory, a part of the Novartis Pharmaceuticals Division, Roche Diagnostics, a division of Roche Holding, Ltd, Siemens AG and Veridex LLC, a Johnson & Johnson company, as well as others. Other competition may come from companies that focus on gene profiling and gene or protein expression, including Celera Corporation, GE Healthcare, a business unit of General Electric Company, Hologic, Inc., Novartis AG, Myriad Genetics, Inc., Qiagen N.V. and Response Genetics, Inc., and many other public and private companies. Commercial laboratories, such as Laboratory Corporation of America Holdings and Quest Diagnostics Incorporated with strong distribution networks for diagnostic tests may also compete with us.

Many of our present and potential competitors have widespread brand recognition and substantially greater financial and technical resources and development, production and marketing capabilities than we do. If we are unable to compete successfully against current or future competitors, we may be unable to gain market acceptance and therefore revenue from our diagnostics may be limited.

Regulation

Clinical Laboratory Improvement Amendments of 1988

We anticipate that our laboratory will be a clinical reference laboratory as defined under the Clinical Laboratory Improvement Amendments of 1988 ("CLIA"). Clinical laboratory tests like our MetaSite *Breast*™ test and other function-based diagnostics are regulated under CLIA. As such, we will be required to hold certain federal, state and local licenses, certifications and permits to conduct our business. Under CLIA, we are required to hold a certificate applicable to the type of work we perform and to comply with standards covering personnel, facilities administration, quality systems and proficiency testing.

We have consulted with FDA regulatory counsel in advance of a meeting with the FDA prior to marketing and commercialization of our MetaSite *Breast*™ test and have formulated a plan to apply for a certificate of accreditation under CLIA to perform testing. We believe we will be subject to survey and inspection every two years to assess compliance with program standards. The standards applicable to the testing, which we anticipate performing, may change over time. Should regulatory compliance requirements become substantially more costly in the future, we cannot assure that we will be able to operate profitably.

If our clinical reference laboratory falls out of compliance with CLIA requirements, we may be subject to sanctions such as suspension, limitation or revocation of our CLIA certificate, as well as directed plan of correction, state on-site monitoring, civil monetary penalties, civil injunctive suit or criminal penalties. Additionally, we must maintain CLIA compliance and certification to be eligible to bill for tests provided to Medicare beneficiaries. If we were to be found out of compliance with CLIA program requirements and subjected to sanction, our business would be harmed.

United States Food and Drug Administration

The United States Food and Drug Administration, or the FDA, regulates the sale or distribution, in interstate commerce, of medical devices, including in vitro diagnostic test kits. Devices subject to FDA regulation must undergo pre-market review prior to commercialization unless the device is of a type exempted from such review. Additionally, medical device manufacturers must comply with various regulatory requirements under the Federal Food, Drug and Cosmetic Act and regulations promulgated under that Act, including quality system review regulations, unless exempted from those requirements for particular types of devices. Entities that fail to comply with FDA requirements can be liable for criminal or civil penalties, such as recalls, detentions, orders to cease manufacturing and restrictions on labeling and promotion.

Clinical laboratory services are not subject to FDA regulation, but in vitro diagnostic test kits and reagents and equipment used by these laboratories may be subject to FDA regulation. Clinical laboratory tests that are developed and validated by a laboratory for use in examinations the laboratory performs itself are called "home brew" tests or more recently, Laboratory Developed Tests (LDTs). Most LDTs currently are not subject to premarket review by FDA although analyte-specific reagents or software provided to us by third parties and used by us to perform LDTs may be subject to review by the FDA prior to marketing. Although we have not confirmed this with the FDA, we believe our MetaSite *Breast*™ test will not be subject to regulation under current FDA policies. We believe that the container we provide for collection and transport of tumor samples from a pathology laboratory to our reference laboratory is a medical device subject to FDA regulation but exempt from premarket review. We cannot provide any assurance that FDA regulation, including premarket review, will not be required in the future for the MetaSite *Breast*™ test or any of our function-based diagnostic assays. If premarket review is required, this would adversely affect our business until such review is completed and approval or clearance to market is obtained. If premarket review is required by the FDA, there can be no assurance that our test will be cleared or approved on a timely basis, if at all. Ongoing compliance with FDA regulations would increase the cost of conducting our business, subject us to inspection by the FDA and to the requirements of the FDA and penalties for failure to comply with the requirements of the FDA. Should any of the clinical laboratory device reagents obtained by us from vendors and used in conducting our home brew test be affected by future regulatory actions, we could be adversely affected by those actions, including increased cost of testing or delay, limitation or prohibition on the purchase of reagents necessary to perform testing.

In June 2010, the FDA announced a public meeting to discuss the agency's oversight of LDTs prompted by the increased complexity of LDTs and their increasingly important role in clinical decision making and disease management. The FDA indicated that it is considering a risk-based application of oversight to LDTs and that, following public input and discussion; it may issue separate draft guidance on the regulation of LDTs which may vary from the previously issued draft guidance on the regulation of "In Vitro Diagnostic Multivariate Index Assays" or IVDMIAs. The public meeting was held in July 2010 and further public comments were submitted to the FDA in September 2010. In November 2010, at a public meeting with the laboratory industry, an FDA spokesperson indicated that the agency had prepared draft guidance regarding proposed oversight of LDTs, which was under review for possible issuance. Draft guidance has not yet been issued with respect to this proposed oversight of LDTs.

Separately, in June 2011, the FDA issued draft guidance regarding "Commercially Distributed In Vitro Diagnostic Products Labeled for Research Use Only or Investigational Use Only." Public comments were submitted in response to this draft guidance, which has not been finalized. In addition, the FDA has issued other draft guidance documents, which may impact our tests or our future tests, including draft guidance regarding Mobile Medical Applications that is directed at patient management tools. Public comments were submitted in response to this draft guidance, which has not been finalized. In October 2012, the FDA published a list of planned guidance documents that the agency stated it plans to focus on in its fiscal year 2013, including the finalization of previously issued draft guidance which could include guidance documents addressing FDA regulation of laboratory tests such as ours. We cannot predict the ultimate form of any such guidance or regulation and the potential impact on our tests or materials used to perform our tests. While we expect all materials used in our tests to qualify according to CLIA regulations, we cannot be certain that the FDA might not enact rules or guidance documents which could impact our ability to purchase materials necessary for the performance of our tests. Should any of the reagents obtained by us from vendors and used in conducting our tests be affected by future regulatory actions, our business could be adversely affected by those actions, including increasing the cost of testing or delaying, limiting or prohibiting the purchase of reagents necessary to perform testing.

Health Insurance Portability and Accountability Act

Under the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, the United States Department of Health and Human Services, or HHS, has issued regulations to protect the privacy and security of protected health information used or disclosed by health care providers, which we believe we will be subject. HIPAA also regulates standardization of data content, codes and formats used in health care transactions and standardization of identifiers for health plans and providers. Penalties for violations of HIPAA regulations include civil and criminal penalties.

We plan on developing policies and procedures to comply with these regulations by any respective compliance enforcement dates. The requirements under these regulations may change periodically and could have an adverse effect on our business operations if compliance becomes substantially more costly than under current requirements.

In addition to federal privacy regulations, there are a number of state laws governing confidentiality of health information that will be applicable to our operations. New laws governing privacy may be adopted in the future as well. We will take steps to comply with health information privacy requirements that we are aware apply to us.. . However, we can provide no assurance that we will be in compliance with diverse privacy requirements in all of the jurisdictions in which we do business. Failure to comply with privacy requirements could result in civil or criminal penalties, which could have a materially adverse impact on our business.

Federal and State Physician Self-referral Prohibitions

We are subject to the federal physician self-referral prohibitions, commonly known as the Stark Law, and expect to be subject to similar restrictions under California's Physician Ownership and Referral Act, commonly known as PORA. Together, these restrictions generally prohibit us from billing a patient or any governmental or private payor for any test when the physician ordering the test, or any member of such physician's immediate family, has an investment interest in or compensation arrangement with us, unless the arrangement meets an exception to the prohibition.

Both the Stark Law and PORA contain an exception for referrals made by physicians who hold investment interests in a publicly traded company that has stockholders' equity exceeding $75 million at the end of its most recent fiscal year or on average during the previous three fiscal years, and which satisfies certain other requirements. In addition, both the Stark Law and PORA contain an exception for compensation paid to a physician for personal services rendered by the physician.

However, in the event that we enter into any compensation arrangements with physicians, we cannot be certain that regulators would find these arrangements to be in compliance with Stark, PORA or similar state laws. In such event, we would be required to refund any payments we receive pursuant to a referral prohibited by these laws to the patient, the payor or the Medicare program, as applicable.

Sanctions for a violation of the Stark Law include the following:

- denial of payment for the services provided in violation of the prohibition;
- refunds of amounts collected by an entity in violation of the Stark Law;
- a civil penalty of up to $15,000 for each service arising out of the prohibited referral;
- possible exclusion from federal healthcare programs, including Medicare and Medicaid; and
- a civil penalty of up to $100,000 against parties that enter into a scheme to circumvent the Stark Law's prohibition.

These prohibitions apply regardless of the reasons for the financial relationship and the referral. No finding of intent to violate the Stark Law is required for a violation. In addition, under an emerging legal theory, knowing violations of the Stark Law may also serve as the basis for liability under the Federal False Claims Act.

Further, a violation of PORA is a misdemeanor and could result in civil penalties and criminal fines. Finally, other states have self-referral restrictions with which we have to comply that differ from those imposed by federal and California law. It is possible that any financial arrangements that we may enter into with physicians could be subject to regulatory scrutiny at some point in the future, and we cannot provide assurance that we will be found to be in compliance with these laws following any such regulatory review.

Federal and State Anti-kickback Laws

The Federal Anti-kickback Law, or Anti-kickback Law, makes it a felony for a provider or supplier, including a laboratory, to knowingly and willfully offer, pay, solicit or receive remuneration, directly or indirectly, in order to induce business that is reimbursable under any federal health care program. A violation of the Anti-kickback Law may result in imprisonment for up to five years and fines of up to $250,000 in the case of individuals and $500,000 in the case of organizations. Convictions under the Anti-kickback Law result in mandatory exclusion from federal health care programs for a minimum of five years. In addition, HHS has the authority to impose civil assessments and fines and to exclude health care providers and others engaged in prohibited activities from Medicare, Medicaid and other federal health care programs.

Actions which violate the Anti-kickback Law or similar laws may also involve liability under the Federal False Claims Act, which prohibits the knowing presentation of a false, fictitious or fraudulent claim for payment to the United States Government. Actions under the Federal False Claims Act may be brought by the Department of Justice or by a private individual in the name of the government.

Although the Anti-kickback Law applies only to federal health care programs, a number of states, including New York, have passed statutes substantially similar to the Anti-kickback Law pursuant to which similar types of prohibitions are made applicable to all other health plans and third-party payors.

Federal and state law enforcement authorities scrutinize arrangements between health care providers and potential referral sources to ensure that the arrangements are not designed as a mechanism to induce patient care referrals and opportunities. The law enforcement authorities, the courts and the United States Congress have also demonstrated a willingness to look behind the formalities of a transaction to determine the underlying purpose of payments between health care providers and actual or potential referral sources. Generally, courts have taken a broad interpretation of the scope of the Anti-kickback Law, holding that the statute may be violated if merely one purpose of a payment arrangement is to induce future referrals.

In addition to statutory exceptions to the Anti-kickback Law, regulations provide for a number of safe harbors. If an arrangement meets the provisions of a safe harbor, it is deemed not to violate the Anti-kickback Law. An arrangement must fully comply with each element of an applicable safe harbor in order to qualify for protection.

Among the safe harbors that may be relevant to us is the discount safe harbor. The discount safe harbor potentially applies to discounts provided by providers and suppliers, including laboratories, to physicians or institutions where the physician or institution bills the payor for the test, not when the laboratory bills the payor directly. If the terms of the discount safe harbor are met, the discounts will not be considered prohibited remuneration under the Anti-kickback Law. We anticipate that this safe harbor may be potentially applicable to any agreements that we enter into to sell tests to hospitals where the hospital submits a claim to the payor.

The personal services safe harbor to the Anti-kickback Law provides that remuneration paid to a referral source for personal services will not violate the Anti-kickback Law provided all of the elements of that safe harbor are met. One element is that, if the agreement is intended to provide for the services of the physician on a periodic, sporadic or part-time basis, rather than on a full-time basis for the term of the agreement, the agreement specifies exactly the schedule of such intervals, their precise length, and the exact charge for such intervals. Failure to meet the terms of the safe harbor does not render an arrangement illegal. Rather, such arrangements must be evaluated under the language of the statute, taking into account all facts and circumstances.

In the event that we enter into relationships with physicians, hospitals and other customers, there can be no assurance that our relationships with those physicians, hospitals and other customers will not be subject to investigation or a successful challenge under such laws. If imposed for any reason, sanctions under the Anti-kickback Law or similar laws could have a negative effect on our business.

Other Federal and State Fraud and Abuse Laws

In addition to the requirements that are discussed above, there are several other health care fraud and abuse laws that could have an impact on our business. For example, provisions of the Social Security Act permit Medicare and Medicaid to exclude an entity that charges the federal health care programs substantially in excess of its usual charges for its services. The terms "usual charge" and "substantially in excess" are ambiguous and subject to varying interpretations.

Further, the Federal False Claims Act prohibits a person from knowingly submitting a claim, making a false record or statement in order to secure payment or retaining an overpayment by the federal government. In addition to actions initiated by the government itself, the statute authorizes actions to be brought on behalf of the federal government by a private party having knowledge of the alleged fraud. Because the complaint is initially filed under seal, the action may be pending for some time before the defendant is even aware of the action. If the government is ultimately successful in obtaining redress in the matter or if the plaintiff succeeds in obtaining redress without the government's involvement, then the plaintiff will receive a percentage of the recovery. Finally, the Social Security Act includes its own provisions that prohibit the filing of false claims or submitting false statements in order to obtain payment. Violation of these provisions may result in fines, imprisonment or both, and possible exclusion from Medicare or Medicaid programs.

New York Laboratory Licensing

We anticipate that our clinical reference laboratory will be located in the metropolitan New York area. Accordingly, we will be required to be licensed by New York, under New York laws and regulations, which establish standards for:

- day-to-day operation of a clinical laboratory, including training and skill levels required of laboratory personnel;
- physical requirements of a facility;
- equipment; and
- quality control.

We expect to apply for and receive the licenses necessary for our clinical reference laboratory for our MetaSite *Breast*™ test. New York law also mandates proficiency testing for laboratories licensed under New York state law, regardless of whether or not such laboratories are located in New York. If a laboratory is not in compliance with New York statutory or regulatory standards, the New York State Department of Health may suspend, limit, revoke or annul the laboratory's New York license, censure the holder of the license or assess civil money penalties. Statutory or regulatory noncompliance may result in a laboratory's operator being found guilty of a misdemeanor under New York law. In the event that we should be found not to be in compliance with New York laboratory requirements, we could be subject to such sanctions, which could harm our business.

Other States' Laboratory Testing

Florida, Maryland, Pennsylvania and Rhode Island require out-of-state laboratories which accept specimens from those states to be licensed. We expect to obtain licenses in those states.

From time to time, we may become aware of other states that require out-of-state laboratories to obtain licensure in order to accept specimens from the state, and it is possible that other states do have such requirements or will have such requirements in the future. If we identify any other state with such requirements or if we are contacted by any other state advising us of such requirements, we intend to comply with such requirements.

Compliance with Environmental Laws

We expect to be subject to regulation under federal, state and local laws and regulations governing environmental protection and the use, storage, handling and disposal of hazardous substances. The cost of complying with these laws and regulations may be significant. Our planned activities may require the controlled use of potentially harmful biological materials, hazardous materials and chemicals. We cannot eliminate the risk of accidental contamination or injury to employees or third parties from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for any resulting damages, and any liability could exceed our resources or any applicable insurance coverage we may have.

Employees

We currently have 3 full time employees. In addition, we utilize outside contract engineering and contract manufacturing firms to support our operations. We have engaged several consulting firms involved with investor relations, regulatory strategy and clinical trial planning. We plan to increase the number of employees in the areas of clinical research and testing, engineering, manufacturing, and sales and marketing beginning in 2013.

Patents and Intellectual Property

We believe that clear and extensive patent coverage for our technologies is central to our long-term success and we have invested and will invest accordingly. This has been accomplished in conjunction with the resources of the Licensors. This applies to both domestic and international patent coverage.

On August 26, 2010, MetaStat entered into a License Agreement (the "License Agreement") with Einstein, M.I.T., Cornell and IFO-Regina. The License Agreement covers pending patent applications, patent disclosures, cell lines and technology surrounding discoveries in the understanding of the underlying mechanisms of systemic metastasis in solid epithelial cancers. The License Agreement calls for certain customary payments such as a license initiation fee, reimbursement of patent expenses, annual license maintenance fees, milestone payments, and the payment of royalties on sales of products or services covered under the agreement.

The intellectual property covered by the License Agreement is summarized as follows:

1. U.S. Provisional Patent Application No. 61/276,263, entitled "Tumor Microenvironment of Metastasis (TMEM) and Uses Thereof in Diagnosis, Prognosis, and Treatment of Tumors", inventors: Frank Gertler, John Condeelis, Thomas Rohan, and Joan Jones; assigned to MIT, Cornell (D-4846) and Einstein (96700/1532);

2. U.S. Continuation-in-part of PCT/US08/1343, entitled "Metastasis specific splice variants of Mena and uses thereof in diagnosis, prognosis and treatment of tumors", inventors: John Condeelis, Sumanta Goswami, Paola Nistico, and Frank Gertler; assigned to Einstein, IFO and MIT (96700/1343);

3. U.S. Patent Application No. 12/462,324, entitled "Metastasis specific splice variants of Mena and uses thereof in diagnosis, prognosis and treatment of tumors", inventors: John Condeelis, Sumanta Goswami, Paola Nistico, and Frank Gertler; assigned to Einstein, IFO and MIT (96700/1533);

4. European Patent Application No. 08713370.8, entitled "Metastasis specific splice variants of Mena and uses thereof in diagnosis, prognosis and treatment of tumors", inventors: John Condeelis, Sumanta Goswami, Paola Nistico, and Frank Gertler; assigned to Einstein, IFO and MIT (96700/1534); and

5. Canadian Patent Application No. 2,676,179, entitled "Metastasis specific splice variants of Mena and uses thereof in diagnosis, prognosis and treatment of tumors", inventors: John Condeelis, Sumanta Goswami, Paola Nistico, and Frank Gertler; assigned to Einstein, IFO and MIT (96700/1535).

Pursuant to the License Agreement, we have the right to initiate legal proceedings on our behalf or in the Licensors' names, if necessary, against any infringer, or potential infringer, of a licensed intellectual property who imports, makes, uses, sells or offers to sell products. Any settlement or recovery received from any such proceeding shall be divided eighty percent (80%) to us and twenty percent (20%) to the Licensors after we deduct from any such settlement or recovery our actual counsel fees and out-of-pocket expenses relative to any such legal proceeding. If we decide not to initiate legal proceedings against any such infringer, then the Licensors shall have the right to initiate such legal proceedings. Any settlement or recovery received from any such proceeding initiated by the Licensors shall be divided twenty percent (20%) to us and eighty percent (80%) to the Licensors after the Licensors deduct from any such settlement or recovery their actual counsel fees and out-of-pocket expenses relative to any such legal proceeding.

Further, in accordance with the terms of the License Agreement, we paid a license initiation fee of $25,000 in connection with entering into the License Agreement and are required to make a series of annual minimum royalty payments beginning on the first anniversary date, or August 26, 2011. For a period of seven years on each anniversary, we are required to make additional payments in amounts that gradually increase beginning in year five. To date, we have satisfied both the initial payment for 2011 and the second annual payment for 2012 in the amount of $30,000, respectively. We are required to make additional payments of $30,000 in each of 2013 and 2014, $50,000 in 2015, $75,000 in 2016 and $100,000 in 2017 and every year the license is in effect thereafter.

Additionally, effective in March 2012, we entered into two additional license agreements with Einstein. The second license agreement with Einstein (the "Second License Agreement") and the third license agreement with Einstein (the "Third License Agreement") both cover pending patent applications, patent disclosures, cell lines and technology surrounding discoveries in the understanding of the underlying mechanisms of systemic metastasis in solid epithelial cancers. The Second License Agreement and the Third License Agreement both require certain customary payments such as a license initiation fee, reimbursement of patent expenses, annual license maintenance fees, milestone payments, and the payment of royalties on sales of products or services covered under such agreements.

The intellectual property covered by the Second License Agreement is summarized as follows:

1. U.S. Patent Application No. 11/659,514 entitled "Isolation, Gene Expression, And Chemotherapeutic Resistance Of Motile Cancer Cells"; inventor: John S. Condeelis (96700/1225); and

2. Canadian Patent Application No. 2,576,702 entitled "Isolation, Gene Expression, And Chemotherapeutic Resistance Of Motile Cancer Cells"; inventor: John S. Condeelis (96700/1223); and

3. European Patent Application No. 05807467.5 entitled "Isolation, Gene Expression, And Chemotherapeutic Resistance Of Motile Cancer Cells"; inventor: John S. Condeelis (96700/1224); and

4. U.S. Provisional Patent Application (pending) entitled "Human Invasion Signature For Prognosis Of Metastatic Risk"; inventors: John S. Condeelis and Antonia Patsialou (96700/1720).

The intellectual property covered by the Third License Agreement is summarized as follows:

1. U.S. Patent Application No. 12/998,237 (based on PCT International Patent Application No. PCT/2009/005851) entitled "An In Vivo Quantitative Screening Test For Anti-Metastasis Treatment Efficacy"; inventors: Jeffrey Edward Segall, John Condeelis, Dmitriy Kedrin, Jacco van Rheenen, Bojana Gligorijevic (96700/1707).

Pursuant to the Second License Agreement, we paid a license initiation fee of $15,000 in connection with entering into the Second License Agreement and are required to make a series of annual minimum royalty or "license maintenance" payments beginning on the first anniversary date of the effective date, or January 3, 2013. For a period of seven years on each anniversary, we are required to make additional payments in amounts that gradually increase beginning in year three. We have satisfied the license maintenance payment of $12,000 for the first anniversary in 2013. We are required to make additional payments of $12,000 in 2014, $30,000 in each of 2015, 2016, $50,000 in 2017, $75,000 in 2018 and $100,000 in 2019 and every year the license is in effect thereafter.

Pursuant to the Third License Agreement, we paid a license initiation fee of $15,000 in connection with entering into the Third License Agreement and are required to make a series of annual minimum royalty or "license maintenance" payments beginning on the first anniversary date of the effective date, or January 3, 2013. For a period of seven years on each anniversary, we are required to make additional payments in amounts that gradually increase beginning in year three. We have satisfied the license maintenance payment of $12,000 for the first anniversary in 2013. We are required to make additional payments of $12,000 in 2014, $30,000 in each of 2015, 2016, $50,000 in 2017, $75,000 in 2018 and $100,000 in 2019 and every year the license is in effect thereafter.

We also seek to ensure a competitive position and add to our intellectual property portfolio through licensing, partnerships, joint development and joint venture agreements.

Insurance

We have general and umbrella liability insurance as well as directors and officers insurance in amounts that we believe comply with industry standards.

Corporate Structure

We were incorporated on March 28, 2007 under the laws of the State of Nevada. From inception until November of 2008, our business plan was to produce and market inexpensive solar cells and in November 2008, our board of directors determined that the implementation of our business plan was no longer financially feasible. At such time, we discontinued the implementation of our prior business plan and pursued an acquisition strategy, whereby we sought to acquire a business. Based on these business activities, until February 27, 2012, we were considered a development stage company and a "blank check" company, with no or nominal assets (other than cash) and no or nominal operations.

MetaStat BioMedical, Inc. ("MBM") (formerly known as MetaStat, Inc.), our Delaware operating subsidiary, was incorporated in the State of Texas on July 22, 2009 and re-incorporated in the State of Delaware on August 26, 2010. MBM was formed to allow cancer patients to benefit from the latest discoveries in how cancer spreads to other organs in the body. The Company's mission is to become an industry leader in the emerging field of personalized cancer therapy.

On February 27, 2012 (the "Closing Date"), we consummated a share exchange as more fully described below, whereby we acquired all the outstanding shares of MBM and, MBM became our wholly owned subsidiary. From and after the share exchange, our business is conducted through our wholly owned subsidiary, MBM, and the discussion of our business is that of our current business which is conducted through MBM.

Prior to April 9, 2012, our company name was Photovoltaic Solar Cells, Inc. For the sole purpose of changing our name, on April 9, 2012, we merged with a newly-formed, wholly owned subsidiary incorporated under the laws of Nevada called MetaStat, Inc. As a result of the merger, our corporate name was changed to MetaStat, Inc. In May 2012, we changed the name of our Delaware operating subsidiary to MetaStat BioMedical, Inc. from MetaStat, Inc.

Share Exchange

Share Exchange

On the Closing Date, we entered into a Share Exchange Agreement (the "Exchange Agreement") by and among us, MBM, the holders of all outstanding shares of MBM (the "MBM Shareholders") and Waterford Capital Acquisition Co IX, LLC, our principal shareholder (the "Company Principal Shareholder"), whereby we acquired all of the outstanding shares of MBM (the "MBM Shares") from the MBM Shareholders. In exchange, we issued to the MBM Shareholders an aggregate of 18,369,421 shares of our common stock (the "Exchange Shares"), equal to 95.6% of our outstanding shares of common stock after such issuance. As a result of the transactions contemplated by the Exchange Agreement (collectively, the "Share Exchange"), MBM became our wholly owned subsidiary. Pursuant to the Exchange Agreement, we assumed warrants to purchase up to 780,511 shares of MBM's common stock, with exercise prices ranging between $1.50 and $2.00 per share on a 2.2-for-1 basis, equivalent to 1,717,122 shares of our common stock with exercise prices ranging from $0.68 to $0.91 per share. Immediately prior to the Share Exchange, we converted approximately $336,075 of debt owed to the Company Principal Shareholder into 309,595 shares of our common stock (the "Debt Conversion") and issued an aggregate of 36,000 shares of our common stock to certain of our officers, directors and consultants in consideration for services rendered to us, leaving 840,000 shares of our common stock outstanding immediately prior to the issuance of the Exchange Shares. Additionally, immediately prior to the Share Exchange, we issued five-year warrants to purchase up to an aggregate of 350,000 shares of our common stock at an exercise price of $1.40 per share, of which warrants to purchase 337,500 shares were issued for a purchase price of $21,000 and warrants to purchase 12,500 shares were issued for services rendered to us prior to the Share Exchange (the "Warrant Financing"). We used the proceeds of the Warrant Financing to pay off all of our liabilities prior to the Share Exchange.

On the Closing Date, we assumed MBM's 2012 Omnibus Securities and Incentive Plan (the "2012 Plan") and reserved 1,116,789 shares of our common stock for the benefit of our employees, nonemployee directors and consultants. All 507,500 options outstanding under the 2012 Plan were converted, on a 2.2-for-1 basis, into the right to receive options to purchase up to 1,116,500 shares of our common stock with an exercise price of $0.68 per share. On May 21, 2012, we increased the number of authorized and unissued shares of common stock reserved for issuance pursuant to the 2012 Plan to 3,316,789.

Principal Executive Offices

Our principal executive offices are located at 8 Hillside Avenue, Suite 207, Montclair, New Jersey 07042 and the telephone number at this address is (973) 744-7618. Our website is *http://www.metastat.com*. Information contained on our website does not constitute part of, and is not deemed incorporated by reference into, this Form 10-K.

Item 1A. RISK FACTORS

In addition to the other information in this Form 10-K, readers should carefully consider the following important factors. These factors, among others, in some cases have affected, and in the future could affect, our financial condition and results of operations and could cause our future results to differ materially from those expressed or implied in any forward-looking statements that appear in this on Form 10-K or that we have made or will make elsewhere.

Risks Relating to Our Business

We are at an early stage of development as a company and do not have, and may never have, any products that generate revenues.

We are a development stage life sciences company. At this time, we do not have any commercial products or laboratory services that generate revenues. Our existing diagnostic offerings will require additional clinical evaluation, regulatory review, significant marketing efforts and substantial investment before they could provide any revenues. Given our stage of development, we expect to be able to begin initial marketing as early as 2014 for the MetaSite *Breast*™ test and commence full implementation of our sales and marketing strategy as early as 2015. If we are unable to develop, receive approval for, or successfully commercialize any of our diagnostic candidates, we will be unable to generate significant revenues, or any revenues at all. If our development programs are delayed, we may have to raise additional capital or reduce or cease our operations.

We have a history of net losses, and we expect to incur net losses for the foreseeable future and we expect to continue to incur significant expenses to develop and commercialize our tests.

We have incurred substantial net losses since our inception. For the fiscal years ended February 28, 2013 and February 29, 2012, we incurred net losses of $2,520,579 and $2,426,654, respectively. From our inception in July 2009 through February 28, 2013, we had an accumulated deficit of $5,362,479. To date, we have not achieved, and we may never achieve, revenues sufficient to offset expenses. We expect to devote substantially all of our resources to continue commercializing and enhancing our first diagnostic assay, the MetaSite *Breast*™ test, and to continue developing the MenaCalc™ platform of diagnostics assays for breast, prostate and lung cancers, the MenaBloc™ therapeutic platform, and any other future diagnostic tests and therapies. We expect to incur additional losses in the future, and we may never achieve profitability.

We expect to continue to incur significant research and development expenses, which may make it difficult for us to achieve profitability.

In recent years, we have incurred significant costs in connection with the development of our the MetaSite *Breast*™ test, the MenaCalc™ platform of diagnostics assays for breast, prostate and lung cancers, as well as initial work on the MenaBloc™ therapeutic. Our research and development expenses were $516,798 and $854,550 for the fiscal years ended February 28, 2013 and February 29, 2012, respectively. We expect our research and development expense levels to remain high for the foreseeable future as we seek to expand the clinical utility of the MetaSite *Breast*™ test and develop additional diagnostics in our product portfolio. As a result, we will need to generate significant revenues in order to achieve profitability. Our failure to achieve profitability in the future could cause the market price of our common stock to decline.

We do not have our own research facilities and will be dependent on third parties for product development.

We do not have our own research and development facilities and may engage consultants and independent contract research organizations to design and conduct clinical trials in connection with the development of our products. As a result, these important aspects of a product's development will be outside of our direct control. In addition, there can be no assurance that such third parties will perform all of their obligations under arrangements with us or will perform those obligations satisfactorily.

If we fail to obtain additional financing, we will be unable to complete the development and commercialization of our product candidates or continue our research and development programs.

In addition to the funds raised in our recent private placements, we may be required to raise additional capital to complete the development and commercialization of our current and future product candidates. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue one or more of our clinical trials, and the commercialization of our diagnostic tests.

If third-party payors, including managed care organizations and Medicare, do not provide reimbursement for our products, their commercial success could be compromised.

The MetaSite *Breast*™ test has an anticipated list price of $2,595. Physicians and patients may decide not to order the MetaSite *Breast*™ test unless third-party payors, such as managed care organizations as well as government payors such as Medicare and Medicaid, pay a substantial portion or all of the test's price. There is significant uncertainty concerning third-party reimbursement of any test incorporating new technology, including our MetaSite *Breast*™ test and any of our future diagnostics and therapies. Reimbursement by a third-party payor may depend on a number of factors, including a payor's determination that tests using our technologies are:

- not experimental or investigational,
- medically necessary,
- appropriate for the specific patient,
- cost-effective, and
- supported by peer-reviewed publications.

Since each payor makes its own decision as to whether to establish a policy to reimburse, seeking these approvals is a time-consuming and costly process. To date, we have not secured policy-level reimbursement approval from any third-party payors and have no approvals for state Medicaid programs. We cannot be certain that coverage for our products will be provided in the future by any third-party payors.

Several entities conduct technology assessments of new medical tests and devices and provide the results of their assessments for informational purposes to other parties. These assessments may be used by third-party payors and health care providers such as Blue Cross and Blue Shield plans, which collectively provide healthcare coverage for nearly one-third of all Americans, as grounds to deny coverage for a test or procedure. These assessments have not yet been carried for the MetaSite *Breast*™ test. We can offer no assurance that these evaluations will ever be conducted, and if conducted, will result in a positive conclusion resulting in any third party reimbursement to us.

Insurers, including managed care organizations as well as government payors such as Medicare, have increased their efforts to control the cost, utilization and delivery of health care services. From time to time, the United States Congress has considered and implemented changes in the Medicare fee schedules in conjunction with budgetary legislation. Further reductions of reimbursement for Medicare services may be implemented from time to time. Reductions in the reimbursement rates of other third-party payors have occurred and may occur in the future. These measures have resulted in reduced prices, added costs and decreased test utilization for the clinical laboratory industry.

If we are unable to obtain reimbursement approval from private payors and Medicare and Medicaid programs for our diagnostic tests, or if the amount reimbursed is inadequate, our ability to generate revenues could be limited. Even if we are being reimbursed, insurers may withdraw their coverage policies or cancel their contracts with us at any time or stop paying for our tests, which would reduce our revenue.

We may experience delays in our clinical trials that could adversely affect our financial position and our commercial prospects.

Any delays in completing our clinical trials for the MetaSite *Breast*™ test and our MenaCalc™ platform of diagnostics assays may delay our ability to raise additional capital or to generate revenue, and we may have insufficient capital resources to support our operations. Even if we have sufficient capital resources, the ability to become profitable will be delayed if there are problems with the timing or completion of our clinical trials.

Adverse events in our clinical trials may force us to stop development of our product candidates or prevent regulatory approval, if needed, of our product candidates.

Our technology platform may provide us the opportunity to develop therapeutic candidates to preemptively suppress or eliminate metastasis. The eventual testing of our product candidates in human clinical trials may produce serious adverse events. These adverse events could interrupt, delay or halt clinical trials of product candidates and could result in the FDA or other regulatory authorities denying approval of our product candidates for any or all targeted indications. An independent data safety monitoring board, the FDA, other regulatory authorities or we may suspend or terminate clinical trials at any time. We cannot assure that any of our product candidates will be safe for human use.

If our product candidates do not meet safety or efficacy endpoints in clinical evaluations, they will not receive regulatory approval and we will be unable to market them.

The regulatory approval process typically is extremely expensive, takes many years and the timing of any approval cannot be accurately predicted. If we fail to obtain regulatory approval for our current or future product candidates, we will be unable to market and sell such products and therefore may never be profitable. The FDA and other regulatory agencies can delay, limit or deny approval for many reasons, including: (i) a product candidate may not be safe or effective; (ii) the manufacturing processes or facilities we have selected may not meet the applicable requirements; and (iii) changes in FDA's approval policies or adoption of new regulations may require additional work. Any delay in, or failure to receive or maintain, regulatory approval for any of our products could prevent us from ever generating meaningful revenues or achieving profitability.

Even if we receive regulatory approvals, our product candidates may later exhibit adverse effects that limit or prevent their widespread use or that force us to withdraw those product candidates from the market. In addition, a marketed product continues to be subject to strict regulation after approval. Any unforeseen problems with an approved product or any violation of regulations could result in restrictions on the product, including our withdrawal from the market. Any delay in, or failure to receive or maintain regulatory approval for, any of our products could prevent us from ever generating meaningful revenues or achieving profitability.

Healthcare policy changes, including recently enacted legislation reforming the U.S. healthcare system, may have a material adverse effect on our financial condition and results of operations.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, collectively, the PPACA, enacted in March 2010, makes changes that are expected to significantly impact the pharmaceutical and medical device industries and clinical laboratories. Beginning in 2013, each medical device manufacturer will have to pay a sales tax in an amount equal to 2.3% of the price for which such manufacturer sells its medical devices that are listed with the FDA. Although the FDA has contended that clinical laboratory tests that are developed and validated by a laboratory for its own use, or LDTs, such as our MetaSite Breast™ test are medical devices, none of our products are currently listed with the FDA. We cannot assure you that the tax will not be extended to services such as ours in the future. The PPACA also mandates a reduction in payments for clinical laboratory services paid under the Medicare Clinical Laboratory Fee Schedule, or CLFS, of 1.75% through 2015 and a productivity adjustment to the CLFS.

Other significant measures contained in the PPACA include, for example, coordination and promotion of research on comparative clinical effectiveness of different technologies and procedures, initiatives to revise Medicare payment methodologies, such as bundling of payments across the continuum of care by providers and physicians, and initiatives to promote quality indicators in payment methodologies. The PPACA also includes significant new fraud and abuse measures, including required disclosures of financial arrangements with physician customers, lower thresholds for violations and increasing potential penalties for such violations. In addition, the PPACA establishes an Independent Payment Advisory Board, or IPAB, to reduce the per capita rate of growth in Medicare spending. The IPAB has broad discretion to propose policies to reduce expenditures, which may have a negative impact on payment rates for services. The IPAB proposals may impact payments for clinical laboratory services beginning in 2016 and for hospital services beginning in 2020. We are monitoring the impact of the PPACA in order to enable us to determine the trends and changes that may be necessitated by the legislation that may potentially impact on our business over time.

In addition to the PPACA, the effect of which cannot presently be fully quantified given its recent enactment, various healthcare reform proposals have also emerged from federal and state governments. For example, in February 2012, Congress passed the "Middle Class Tax Relief and Job Creation Act of 2012" which in part reduced the potential future cost-based increases to the Medicare Clinical Laboratory Fee Schedule by 2%. Overall the expected total fee cut to the CLFS for 2013 is 2.95% not including a further reduction of 2% anticipated from implementation of the automatic expense reductions (sequester) under the Budget Control Act of 2011, which will go into effect for dates of service on or after April 1, 2013 unless Congress acts to modify the automatic cuts.

The Centers for Medicare and Medicaid Services, CMS, sought public input through the notice and comment period for the Proposed Medicare Physician Fee Schedule, on whether all new AMA Molecular Diagnostic codes be placed on either the Medicare Physician Fee Schedule, which would likely require a 20% patient co-payment for such services, or remain on the CLFS. On November 1, 2012, CMS issued a final rule on the Physician Fee Schedule, which described that these new codes would be placed on the CLFS. On August 31, 2012, CMS also issued a preliminary determination for the 2013 CLFS which proposed not to recognize Multi-Analyte codes with Algorithmic Analyses, or MAAA, and questioned whether algorithm-based tests are covered benefits for Medicare beneficiaries. However, in its final determination released on November 6, 2012, CMS deleted the statement about not covering algorithmic analysis, and stated that laboratories performing MAAA tests for Medicare beneficiaries should continue to bill for these tests in 2013 as they are currently billed under the CLFS. CMS intends to consider its payment policy for MAAAs again in 2013 and may issue a determination to pay or not pay for these tests beginning in 2014. Our current Medicare reimbursement determination was set by a local coverage decision and not set nationally by CMS. These or any future changes in covered benefit determination, proposed fees or mandated reductions in payments may apply to some or all of our clinical laboratory tests delivered to Medicare beneficiaries.

Changes in healthcare policy, such as the creation of broad test utilization limits for diagnostic products in general or requirements that Medicare patients pay for portions of clinical laboratory tests or services received, could substantially impact the sales of our tests, decrease revenues, increase costs and divert management's attention from our business.

We cannot predict whether future healthcare initiatives will be implemented at the federal or state level or in countries outside of the United States in which we may do business, or the effect any future legislation or regulation will have on us. The taxes imposed by the new federal legislation, cost reduction measures and the expansion in government's role in the U.S. healthcare industry may result in decreased profits to us, lower reimbursements by payors for our products or reduced medical procedure volumes, all of which may adversely affect our business, financial condition and results of operations. In addition, sales of our tests outside the United States make us subject to foreign regulatory requirements and cost-reduction measures, which may also change over time.

If the FDA were to begin regulating our* MetaSite *Breast™ test, we could experience significant delays in commercializing the test, be forced to stop our sales, experience significant delays in commercializing any future products, incur substantial costs and time delays associated with meeting requirements for pre-market clearance or approval as well as experience decreased demand for our products and demand for reimbursement of our products.

Clinical laboratory tests like the MetaSite *Breast*™ test are regulated under the Clinical Laboratory Improvement Amendments of 1988, or CLIA, as administered through the CMS, as well as by applicable state laws. Diagnostic kits that are sold and distributed through interstate commerce are regulated as medical devices by FDA. Clinical laboratory tests that are developed and validated by a laboratory for its own use are called laboratory development tests, or LDTs. Most LDTs currently are not subject to FDA regulation, although reagents or software provided by third parties and used to perform LDTs may be subject to regulation. We believe that the MetaSite *Breast*™ test is not a diagnostic kit and also believe that it is an LDT. As a result, we believe the MetaSite *Breast*™ test should not be subject to regulation under established FDA policies. The FDA may decide at any time at its sole discretion to modify these rules, or the United States Congress may enact new legislation, resulting in the need for us to conduct further trials in order to qualify the MetaSite *Breast*™ test for marketing approval. This may reduce or eliminate any potential revenue from sales of the MetaSite *Breast*™ test and may necessitate further round(s) of fund raising resulting in substantial dilution to investors.

Testing of potential products may be required and there is no assurance of FDA or any other regulatory approval.

The FDA and comparable agencies in foreign countries impose substantial requirements upon the introduction of both therapeutic and diagnostic biomedical products, through lengthy and detailed laboratory and clinical testing procedures, sampling activities and other costly and time-consuming procedures. Satisfaction of these requirements typically takes several years or more and varies substantially based upon the type, complexity, and novelty of the product. The effect of government regulation and the need for FDA approval may be to delay marketing of new products for a considerable period of time, to impose costly procedures upon our activities, and to provide an advantage to larger companies that compete with us. There can be no assurance that FDA or other regulatory approval for any products developed by us will be granted on a timely basis or at all. Any such delay in obtaining, or failure to obtain, such approvals would materially and adversely affect the marketing of any contemplated products and the ability to earn product revenue. Further, regulation of manufacturing facilities by state, local, and other authorities is subject to change. Any additional regulation could result in limitations or restrictions on our ability to utilize any of our technologies, thereby adversely affecting our operations. Human diagnostic and pharmaceutical products are subject to rigorous preclinical testing and clinical trials and other approval procedures mandated by the FDA and foreign regulatory authorities. Various federal and foreign statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of pharmaceutical products. The process of obtaining these approvals and the subsequent compliance with appropriate United States and foreign statutes and regulations are time-consuming and require the expenditure of substantial resources. In addition, these requirements and processes vary widely from country to country. Among the uncertainties and risks of the FDA approval process are the following: (i) the possibility that studies and clinical trials will fail to prove the safety and efficacy of the product, or that any demonstrated efficacy will be so limited as to significantly reduce or altogether eliminate the acceptability of the product in the marketplace, (ii) the possibility that the costs of development, which can far exceed the best of estimates, may render commercialization of the drug marginally profitable or altogether unprofitable, and (iii) the possibility that the amount of time required for FDA approval of a product may extend for years beyond that which is originally estimated. In addition, the FDA or similar foreign regulatory authorities may require additional clinical trials, which could result in increased costs and significant development delays. Delays or rejections may also be encountered based upon changes in FDA policy and the establishment of additional regulations during the period of product development and FDA review. Similar delays or rejections may be encountered in other countries.

If we were required to conduct additional clinical trials prior to marketing our diagnostic tests, those trials could lead to delays or failure to obtain necessary regulatory approvals and harm our ability to become profitable.

The FDA requires extensive pre-market clinical testing prior to submitting a regulatory application for commercial sales. Our MetaSite *Breast*™ test and our product candidates require pre-market clinical trials, and whether using prospectively acquired samples or archival samples, delays in the commencement or completion of clinical testing could significantly increase our test development costs and delay commercialization. Many of the factors that may cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to delay or denial of regulatory approval. The commencement of clinical trials may be delayed due to insufficient patient enrollment, which is a function of many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites and the eligibility criteria for the clinical trial. We may find it necessary to engage contract research organizations to perform data collection and analysis and other aspects of our clinical trials, which might increase the cost and complexity of our trials. We may also depend on clinical investigators, medical institutions and contract research organizations to perform the trials properly. If these parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if the quality, completeness or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or for other reasons, our clinical trials may have to be extended, delayed or terminated. Many of these factors would be beyond our control. We may not be able to enter into replacement arrangements without undue delays or considerable expenditures. If there are delays in testing or approvals as a result of the failure to perform by third parties, our research and development costs would increase, and we may not be able to obtain regulatory approval for our test. In addition, we may not be able to establish or maintain relationships with these parties on favorable terms, if at all. Each of these outcomes would harm our ability to market our test, or to become profitable.

Complying with numerous regulations pertaining to our business is an expensive and time-consuming process, and any failure to comply could result in substantial penalties.

We are subject to CLIA, a federal law that regulates clinical laboratories that perform testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention or treatment of disease. CLIA is intended to ensure the quality and reliability of clinical laboratories in the United States by mandating specific standards in the areas of personnel qualifications, administration, and participation in proficiency testing, patient test management, quality control, quality assurance and inspections. We plan to obtain a certificate of accreditation under CLIA to perform testing. To renew the certificate of accreditation, we will be subject to survey and inspection every two years. Moreover, CLIA inspectors may make random inspections of our laboratory. Currently, CLIA regulations do not include specific standards for a genetic specialty.

If we were to lose our CLIA accreditation or appropriate state license(s), whether as a result of a revocation, suspension or limitation, we would no longer be able to sell our MetaSite *Breast*™ test, or other diagnostic tests, which would significantly harm our business. If we were to lose our license in other states where we are required to hold licenses, we would not be able to test specimens from those states.

We are subject to other regulations by both the federal government and the states in which we conduct our business, including:

- Medicare billing and payment regulations applicable to clinical laboratories;
- the federal Medicare and Medicaid Anti-kickback Law and state anti-kickback prohibitions;
- the federal physician self-referral prohibition, commonly known as the Stark Law, and the state equivalents;
- the federal Health Insurance Portability and Accountability Act of 1996;
- the Medicare civil money penalty and exclusion requirements; and
- the federal civil and criminal False Claims Act.

We have and will continue to adopt policies and procedures designed to comply with these laws, including policies and procedures relating to financial arrangements between us and physicians who refer patients to us. In the ordinary course of our business, we conduct internal reviews of our compliance with these laws. Our compliance is also subject to governmental review. The growth of our business and sales organization may increase the potential of violating these laws or our internal policies and procedures. The risk of our being found in violation of these laws and regulations is further increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of these laws and regulations, we may be subject to any applicable penalty associated with the violation, including civil and criminal penalties, damages and fines, we could be required to refund payments received by us, and we could be required to curtail or cease our operations. Any of the foregoing consequences could seriously harm our business and our financial results.

Initially, our financial results will depend on sales of one test, the* MetaSite *Breast™ test, and we will need to generate sufficient revenues from this and our other diagnostics or therapies to run our business.

For the foreseeable future, we expect to derive substantially all of our revenues from sales of one test, the MetaSite *Breast*™ test. We anticipate commencing full implementation of our sales and marketing strategy as early as 2014 in conjunction with the anticipated publication of the results of the Large Population Validation study. We are in various stages of research and development for other function-based diagnostic assays that we may offer as well as for enhancements to our existing test. We do not currently expect to commercialize these additional tests for additional cancer indications until at least 2015, and we are not currently able to estimate when we may be able to commercialize therapeutics for cancer metastasis or whether we will be successful in doing so. If we are unable to increase sales of the MetaSite *Breast*™ test or to successfully develop and commercialize other diagnostic tests, enhancements, or therapeutics, our revenues and our ability to achieve profitability would be impaired, and the market price of our common stock could decline.

We may experience limits on our revenues if physicians decide not to order our tests.

If medical practitioners do not order the MetaSite *Breast*™ test or any future tests developed by us, we will likely not be able to create demand for our products in sufficient volume for us to become profitable. To generate demand, we will need to continue to make oncologists, surgeons and pathologists aware of the benefits of the MetaSite *Breast*™ test and any products we may develop in the future through published papers, presentations at scientific conferences and one-on-one education by our sales force. Some physicians may decide not to order our test due to its price, part or all of which may be payable directly by the patient if the applicable payor denies reimbursement in full or in part. Even if patients recommend that their physicians use our test, physicians may still decide not to use the MetaSite *Breast*™ test, either because they have not been made aware of its utility or they wish to pursue a particular course of therapy regardless of test results. If only a small portion of the physician population decides to use our test, we will experience limits on our revenues and our ability to achieve profitability. In addition, we will need to demonstrate our ability to obtain adequate reimbursement coverage from third-party payors.

We may experience limits on our revenues if patients decide not to use our test.

Some patients may decide not to order our test due to its price, part or all of which may be payable directly by the patient if the applicable payor denies reimbursement in full or in part. Even if medical practitioners recommend that their patients use our test, patients may still decide not to use the MetaSite *Breast*™ test, either because they do not want to be made aware of the likelihood of metastasis or they wish to pursue a particular course of therapy regardless of test results. If only a small portion of the patient population decides to use our test, we will experience limits on our revenues and our ability to achieve profitability.

If we are unable to develop products to keep pace with rapid technological, medical and scientific change, our operating results and competitive position would be harmed.

In recent years, there have been numerous advances in technologies relating to the diagnosis and treatment of cancer. These advances require us to continuously develop new products and enhance existing products to keep pace with evolving standards of care. Our tests could become obsolete unless we continually innovate and expand our products to demonstrate recurrence and treatment benefit in patients treated with new therapies. New treatment therapies typically have only a few years of clinical data associated with them, which limits our ability to perform clinical studies and correlate sets of genes to a new treatment's effectiveness. If we are unable to demonstrate the applicability of our test to new treatments, then sales of our test could decline, which would harm our revenues.

If we become subject to product liability claims, the damages may exceed insurance coverage levels.

We will obtain liability insurance for our product candidates as each is entered into large population validation studies and/or any other studies where such liability insurance is needed. We cannot predict all of the possible harms or side effects that may result from the use of our products and, therefore, the amount of insurance coverage we currently hold, or that we or our collaborators may obtain, may not be adequate to protect us from any claims arising from the use of our products that are beyond the limit of our insurance coverage. If we cannot protect against potential liability claims, we or our collaborators may find it difficult or impossible to commercialize our products, and we may not be able to renew or increase our insurance coverage on reasonable terms, if at all.

If we are unable to develop adequate sales, marketing or distribution capabilities or enter into agreements with third parties to perform some of these functions, we will not be able to commercialize our products effectively.

We may have a limited infrastructure in sales, marketing and distribution. To directly market and distribute any products, we must effectively build a sales and marketing organization with appropriate technical expertise and distribution capabilities. We may not be able to establish sales, marketing and distribution capabilities of our own or enter into such arrangements with third parties in a timely manner or on acceptable terms.

If we do not find development and commercialization collaborators for our product candidates, we may have to reduce or delay our rate of product development and commercialization and increase our expenditures.

We may enter into relationships with selected biotechnology companies to help develop and commercialize our product candidates, especially in the field of therapeutics. If we are not able to establish such collaborative arrangements, we may have to reduce or delay further development of some of our programs, increase our planned expenditures and undertake development and commercialization activities at our own expense.

If we enter into development or commercialization collaborations with biotechnology companies, these relationships will also be subject to a number of risks, including: (i) collaborators may not pursue further development and commercialization of products resulting from collaborations or may elect not to renew research and development programs; (ii) collaborators may delay clinical trials, underfund a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require the development of a new formulation of a product candidate for clinical testing; (iii) a collaborator with marketing and distribution rights to one or more of our products may not commit enough resources to the marketing and distribution of our products, limiting our potential revenues from the commercialization of these products; and (iv) disputes may arise delaying or terminating the research, development or commercialization of our product candidates, or result in significant legal proceedings.

Once we have a laboratory facility, it will be our sole laboratory facility and should it become inoperable, we will be unable to perform our tests and our business will be harmed.

We do not currently have laboratory facilities. However, we do expect to open a laboratory facility in the New York metropolitan. The facility may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, flooding and power outages, which may render it difficult or impossible for us to perform our tests for some period of time. The inability to perform our tests may result in the loss of customers or harm our reputation, and we may be unable to regain those customers in the future. Although we possess insurance for damage to our property and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all.

In order to rely on a third party to perform our tests, we could only use another facility with established state licensure and CLIA accreditation under the scope of which our MetaSite *Breast*™ test could be performed following validation and other required procedures. We cannot assure you that we would be able to find another CLIA-certified facility willing to adopt the MetaSite *Breast*™ test and comply with the required procedures, or that this laboratory would be willing to perform the tests for us on commercially reasonable terms. In order to establish a redundant laboratory facility, we would have to spend considerable time and money securing adequate space, constructing the facility, recruiting and training employees, and establishing the additional operational and administrative infrastructure necessary to support a second facility. Additionally, any new clinical laboratory facility opened by us would be subject to certification under CLIA and licensed by several states, including California and New York, which can take a significant amount of time and result in delays in our ability to begin operations.

We rely on a limited number of suppliers or, in some cases, a sole supplier, for some of our laboratory instruments and materials and may not be able to find replacements in the event our supplier no longer supplies that equipment.

We expect to rely on Leica Microsystems GmbH ("Leica"), a German company owned by Danaher Corporation, a company listed on the New York Stock Exchange, to supply some of the laboratory equipment on which we perform our tests. We will periodically forecast our needs for laboratory equipment and enter into standard purchase orders or leasing arrangements with Leica based on these forecasts. We believe that there are relatively few equipment manufacturers other than Leica that are currently capable of supplying the equipment necessary for the MetaSite *Breast*™ test. Even if we were to identify other suppliers, there can be no assurance that we will be able to enter into agreements with such suppliers on a timely basis on acceptable terms, if at all. If we should encounter delays or difficulties in securing from Leica the quality and quantity of equipment we require for the MetaSite *Breast*™ test, we may need to reconfigure our test process, which would result in delays in commercialization or an interruption in sales. If any of these events occur, our business and operating results could be harmed. Additionally, if Leica deems us to have become uncreditworthy, it has the right to require alternative payment terms from us, including payment in advance. We may also be required to indemnify Leica against any damages caused by any legal action or proceeding brought by a third party against Leica for damages caused by our failure to obtain required approval with any regulatory agency.

We may also rely on several sole suppliers for certain laboratory materials such as reagents, which we use to perform our tests. Although we believe that we will be able to develop alternate sourcing strategies for these materials, we cannot be certain that these strategies will be effective. If we should encounter delays or difficulties in securing these laboratory materials, delays in commercialization or an interruption in sales could occur.

Our success depends on retention of key personnel.

We are dependent on our management team members, including Dr. Oscar L. Bronsther, our chief executive officer and chief medical officer. Our future success also will depend in large part on our continued ability to attract and retain other highly qualified scientific, technical and management personnel, as well as personnel with expertise in sales and marketing, clinical testing, and governmental regulation. We face competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations. If we are unsuccessful in our recruitment and retention efforts, our business will be harmed.

Our corporate compliance program cannot guarantee that we are in compliance with all potentially applicable regulations.

The development, manufacturing, pricing, sales, and reimbursement of our products, together with our general operations, are subject to extensive regulation by federal, state and other authorities within the United States and numerous entities outside of the United States. While we have developed and instituted a corporate compliance program based on what we believe are the current best practices, we cannot assure you that we are or will be in compliance with all potentially applicable regulations. If we fail to comply with any of these regulations, we could be subject to a range of regulatory actions, including suspension or termination of clinical trials, the failure to approve a product candidate, restrictions on our products or manufacturing processes, withdrawal of products from the market, significant fines, or other sanctions or litigation.

Our operations may involve hazardous materials, and compliance with environmental laws and regulations is expensive.

Our future research and development activities may involve the controlled use of hazardous materials, including chemicals that cause cancer, volatile solvents, radioactive materials and biological materials including human tissue samples that have the potential to transmit diseases. Our operations may also produce hazardous waste products. We are subject to a variety of federal, state and local regulations relating to the use, handling and disposal of these materials. We generally may contract with third parties for the disposal of such substances and may store certain low level radioactive waste at our facility until the materials are no longer considered radioactive. While we believe that we will comply with then current regulatory requirements, we cannot eliminate the risk of accidental contamination or injury from these materials. We may be required to incur substantial costs to comply with current or future environmental and safety regulations. If an accident or contamination occurred, we would likely incur significant costs associated with civil penalties or criminal fines and in complying with environmental laws and regulations.

If we use biological and hazardous materials in a manner that causes injury, we could be liable for damages.

Our activities may require the controlled use of potentially harmful biological materials, hazardous materials and chemicals and may in the future require the use of radioactive compounds. We cannot eliminate the risk of accidental contamination or injury to employees or third parties from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for any resulting damages, and any liability could exceed our resources or any applicable insurance coverage we may have. Additionally, we are subject on an ongoing basis to federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. The cost of compliance with these laws and regulations might be significant and could negatively affect our operating results.

Risks Related to Intellectual Property

If we are unable to protect our intellectual property, we may not be able to compete effectively.

Our success will depend in part on our ability to obtain or license patents and enforce patent protection of our products and licensed technologies, as well as the ability of the Licensors to enforce patent protection covering the patents which we license pursuant to the License Agreement, Second License Agreement and Third License Agreement both in the United States and other countries to prevent our competitors from developing, manufacturing and marketing products based on our technology. The patent positions of biotechnology companies, such as us, are generally uncertain and involve complex legal and factual questions. We will be able to protect our licensed intellectual property rights from unauthorized use by third parties only to the extent that our licensed technologies are covered by any valid and enforceable patents or are effectively maintained as trade secrets. We could incur substantial costs in seeking enforcement of any eventual patent rights against infringement, and we cannot guarantee that patents that we obtain or in-license will successfully preclude others from using technology that we rely upon. We have applied and intend to apply for patents in the United States and other countries covering our technologies and therapies as and when we deem appropriate. However, these applications may be challenged or may fail to result in issued patents. We cannot predict the breadth of claims that maybe allowed and issued in patents related to biotechnology applications. The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. For example, methods of treating humans are not patentable in many countries outside of the United States.

The coverage claimed in a patent application can be significantly narrowed before a patent is issued, both in the United States and other countries. We do not know whether any of the pending or future patent applications will result in the issuance of patents. Any patents we or the Licensors obtain may not be sufficiently broad to prevent others from using our technologies or from developing competing therapeutic products based on our technology or proprietary therapies. Once any such patents have issued, we cannot predict how the claims will be construed or enforced. Furthermore, others may independently develop similar or alternative technologies or design around our patents.

To the extent patents may be issued, we do not know whether these patents will be subject to further proceedings that may limit their scope, provide significant proprietary protection or competitive advantage, or cause them to be circumvented or invalidated. Furthermore, patents that may issue on our or the Licensors pending applications may become subject to dispute, including interference, reissue or reexamination proceedings in the United States, or opposition proceedings in foreign countries. Any of these proceedings could result in the limitation or loss of rights.

We may rely on trade secret protection for our confidential and proprietary information. We have taken measures to protect our proprietary information and trade secrets, but these measures may not provide adequate protection. While we seek to protect our proprietary information by entering into confidentiality agreements with employees, collaborators and consultants, we cannot assure that our proprietary information will not be disclosed, or that we can meaningfully protect our trade secrets. In addition, competitors may independently develop or may have already developed substantially equivalent proprietary information or may otherwise gain access to our trade secrets.

The pending patent applications that we have in-licensed or that we may in-license in the future may not result in issued patents, and we cannot assure you that our issued patent or any patents that might ultimately be issued by the United States Patent and Trademark Office will protect our technology. Any patents that may be issued to us might be challenged by third parties as being invalid or unenforceable, or third parties may independently develop similar or competing technology that avoids our patents. We cannot be certain that the steps we have taken will prevent the misappropriation and use of our intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States.

From time to time, the United States Supreme Court, other federal courts, the United States Congress or the United States Patent and Trademark Office may change the standards of patentability and any such changes could have a negative impact on our business. For example, on September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law, and includes a number of significant changes to United States patent law. These include changes to transition from a "first-to-invent" system to a "first-to-file" system and to the way issued patents are challenged. These changes may favor larger and more established companies that have more resources to devote to patent application filing and prosecution. The United States Patent and Trademark Office is currently developing regulations and procedures to administer the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act will not become effective until one year or 18 months after its enactment. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will ultimately have on the cost of prosecuting our patent applications, our ability to obtain patents based on our discoveries and our ability to enforce or defend our issued patents..

Litigation or third party claims of intellectual property infringement could impair our ability to develop and commercialize our products successfully.

Our success will depend in part on our ability to avoid infringing patents and proprietary rights of third parties, and not breaching any licenses that we have entered into with regard to our technologies. A number of pharmaceutical companies, biotechnology companies, independent researchers, universities and research institutions may have filed patent applications or may have been granted patents that cover technologies similar to the technologies owned by or licensed to us. For instance, a number of patents may have issued and may issue in the future on tests and technologies that we have developed or intend to develop. If patents covering technologies required by our operations are issued to others, we may have to rely on licenses from third parties, which may not be available on commercially reasonable terms, or at all.

We have no knowledge of any infringement or patent litigation, threatened or filed at this time. It is possible that we may infringe on intellectual property rights of others without being aware of the infringement. If a patent holder believes that one of our product candidates infringes on our patent, it may sue we even if we has received patent protection for our technology. Third parties may claim that we are employing our proprietary technology without authorization. In addition, third parties may obtain patents that relate to our technologies and claim that use of such technologies infringes these patents. Regardless of their merit, such claims could require us to incur substantial costs, including the diversion of management and technical personnel, in defending ourselves against any such claims or enforcing our patents. In the event that a successful claim of infringement is brought against us, we may be required to pay damages and obtain one or more licenses from third parties. We may not be able to obtain these licenses at a reasonable cost, or at all. Defense of any lawsuit or failure to obtain any of these licenses could adversely affect our ability to develop and commercialize our products.

Our rights to use technologies licensed from third parties are not within our control, and we may not be able to sell our products if we lose our existing rights or cannot obtain new rights on reasonable terms.

We license technology necessary to develop our products from third parties. For example, we license technology from Einstein, M.I.T., Cornell and IFO-Regina located in Rome, Italy, that we use to analyze tissue samples in our tests and that we use in our sponsored research to develop additional tests and to develop anti-metastasis therapeutics. In return for the use of a third party's technology, we have agreed to pay the licensors royalties based on sales of our products. Royalties are a component of cost of product revenues and impact the profit margin from sales of our test. We may need to license other technology to commercialize future products. Our business may suffer if these licenses terminate, if the licensors fail to abide by the terms of the license or fail to prevent infringement by third parties, if the licensed patents or other rights are found to be invalid or if we are unable to enter into necessary licenses on acceptable terms.

Risks Related to our Securities

Insiders have substantial control over us, and they could delay or prevent a change in our corporate control even if our other stockholders wanted it to occur.

Our executive officers, directors, and principal stockholders hold approximately a large majority of our outstanding common stock. Accordingly, these stockholders are able to control all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This could delay or prevent an outside party from acquiring or merging with us even if our other stockholders wanted it to occur.

We cannot assure you that the common stock will become liquid or that it will be listed on a securities exchange. In addition, there may not be sufficient liquidity in the market for our securities in order for investors to sell their securities.

Currently, we are quoted on the OTC Bulletin Board, where an investor may find it difficult to obtain accurate quotations as to the market value of our common stock. In addition, if we fail to meet the criteria set forth in SEC regulations, by law, various requirements would be imposed on broker-dealers who sell its securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our common stock, which may further affect its liquidity. In addition, there is currently only a limited public market for our common stock and there can be no assurance that a trading market will develop further or be maintained in the future.

In order to raise sufficient funds to expand our operations, we may have to issue additional securities at prices, which may result in substantial dilution to our shareholders.

If we raise additional funds through the sale of equity or convertible debt, our current stockholders' percentage ownership will be reduced. In addition, these transactions may dilute the value of our outstanding securities. We may have to issue securities that may have rights, preferences and privileges senior to our common stock. We cannot provide assurance that we will be able to raise additional funds on terms acceptable to us, if at all. If future financing is not available or is not available on acceptable terms, we may not be able to fund our future needs, which would have a material adverse effect on our business plans, prospects, results of operations and financial condition.

The market price of our common stock may be volatile.

The market price of our common stock has been and will likely continue to be highly volatile, as is the stock market in general, and the market for OTC Bulletin Board quoted stocks in particular. Some of the factors that may materially affect the market price of our common stock are beyond our control, such as changes in financial estimates by industry and securities analysts, conditions or trends in the industry in which we operate or sales of our common stock. These factors may materially and adversely affect the market price of our common stock, regardless of our performance. In addition, the public stock markets have experienced extreme price and trading volume volatility. This volatility has significantly affected the market prices of securities of many companies for reasons frequently unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our common stock.

Because we became a public company by means of a "reverse merger," we may not be able to attract the attention of major brokerage firms and we will also be subject to a one-year "seasoning period" before we will be permitted to list our securities on a securities exchange.

Additional risks may exist since we became public through a "reverse takeover." Securities analysts of major brokerage firms may not provide coverage of our securities since there is little incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will want to conduct any secondary offerings on our behalf in the future. In addition, companies that become public through a "reverse takeover" are not permitted to list their securities on a securities exchange until (i) the company has completed a one-year "seasoning period" by trading in the United States over-the-counter market or on another regulated United States or foreign exchange following the reverse merger, and filed all required reports with the SEC, including audited financial statements, and (ii) the company maintains the requisite minimum share price for a sustained period, and for at least 30 of the 60 trading days, immediately prior to its listing application and the exchange's decision to list.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential investors could lose confidence in our financial reporting, which could harm our business and have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to annually furnish a report by our management on our internal control over financial reporting. Such report must contain, among other matters, an assessment by our principal executive officer and our principal financial officer on the effectiveness of our internal control over financial reporting, including a statement as to whether or not our internal control over financial reporting is effective as of the end of our fiscal year. This assessment must include disclosure of any material weakness in our internal control over financial reporting identified by management. In addition, under current SEC rules, we may be required to obtain an attestation from our independent registered public accounting firm as to our internal control over financial reporting for our annual report on Form 10-K covering our next fiscal year. Performing the system and process documentation and evaluation needed to comply with Section 404 is both costly and challenging. During the course of our testing we may identify deficiencies which we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act of 2002 for compliance with the requirements of Section 404. In addition, if we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Failure to achieve and maintain an effective internal control environment could also cause investors to lose confidence in our reported financial information, which could have a material adverse effect on the price of our common stock.

Our common stock is considered "penny stock."

The SEC has adopted regulations, which generally define "penny stock" to be an equity security that has a market price of less than $5.00 per share, subject to specific exemptions. The market price of the common stock is currently less than $5.00 per share and therefore may be a "penny stock." Brokers and dealers effecting transactions in "penny stock" must disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell the common stock and may affect your ability to sell shares.

The market for penny stocks has experienced numerous frauds and abuses, which could adversely impact investors in our stock.

Over-the-Counter Bulletin Board, or OTCBB, securities are frequent targets of fraud or market manipulation, both because of their generally low prices and because OTCBB reporting requirements are less stringent than those of the stock exchanges or NASDAQ.

Patterns of fraud and abuse include:

- Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "Boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- Wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

Our management is aware of the abuses that have occurred historically in the penny stock market.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

We lease one thousand square feet at 8 Hillside Avenue, Suite 207, Montclair, New Jersey 07042 for $1,200 per month on a month-to-month basis for our management and administrative facilities. We anticipate moving to a larger space, including provisions for a commercial reference laboratory and research and development space, as early as the second half of calendar 2013.

Item 3. LEGAL PROCEEDINGS

We are not engaged in any material litigation, arbitration or claim, and no material litigation, arbitration or claim is known by our management to be pending or threatened by or against us that would have a material adverse effect on our results from operations or financial condition.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price Information for our Common Stock

Our common stock is quoted on the OTCBB under the symbol "MTST." The following table sets forth the high and low bid information for our common stock for our two most recent fiscal years. The OTCBB quotations reflect inter-dealer prices, are without retail markup, markdowns or commissions, and may not represent actual transactions.

	Common Stock	
	High	Low
March 1, 2011 through May 31, 2011	$ 1.25	$ 0.25
June 1, 2011 through August 31, 2011	$ 1.25	$ 0.25
September 1, 2011 through November 30, 2011	$ 0.25	$ 0.25
December 1, 2011 through February 29, 2012	$ 1.55	$ 0.25
March 1, 2012 through May 31, 2012	$ 5.00	$ 0.15
June 1, 2011 through August 31, 2011	$ 6.00	$ 3.00
September 1, 2012 through November 30, 2012	$ 4.25	$ 3.00
December 1, 2012 through February 28, 2013	$ 3.75	$ 3.50

On May 24, 2013, the last reported price for our common stock on the OTC Bulletin Board was $2.50.

Number of Record Holders of Our Common Stock

As of May 24, 2013, we had 21,473,431 shares of our common stock outstanding and 136 holders of record of our common stock. The number of record holders was determined from the records of our transfer agent.

Dividend Policy

We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends on our common stock for the foreseeable future.

Future cash dividends, if any, will be at the discretion of our board of directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors as our board of directors may deem relevant. We can pay dividends only out of our profits or other distributable reserves and dividends or distribution will only be paid or made if we are able to pay our debts as they fall due in the ordinary course of business.

Securities Authorized for Issuance Under Equity Compensation Plans

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,116,500	$ 0.68	2,200,289
Total	1,116,500	$ 0.68	2,200,289

Recent Sales of Unregistered Securities

Convertible Note and Warrant Offering

In January and February 2013, we entered into separate convertible note and warrant purchase agreements with certain institutional and accredited investors for the issuance and sale in a private placement consisting of, in the aggregate: (a) $787,000 principal amount of convertible promissory notes (the "Notes") convertible into shares of our common stock, par value $0.0001 per share (the "Common Stock"), and (b) four-year warrants to purchase up to 78,700 shares of Common Stock at an exercise price of $3.00 per share, for aggregate gross proceeds of $787,000.

The Notes bear interest at the rate of 8% per annum, mature on December 31, 2013 and rank senior to the Company's currently issued and outstanding indebtedness and equity securities. Upon the closing by the Company of an equity or equity based financing or a series of equity or equity based financings (a "Qualified Financing") resulting in gross proceeds to the Company of at least $3,500,000 in the aggregate, the outstanding principal amount of the Notes together with all accrued and unpaid interest thereunder (the "Outstanding Balance") shall automatically convert into such securities, including warrants of the Company, as are issued in the Qualified Financing, the amount of which shall be determined in accordance with the following formula: (the Outstanding Balance as of the closing of the Qualified Financing) x (1.15) / (the per security price of the securities sold in the Qualified Financing). Commencing six months following the issuance date of the Notes, the lenders shall have the right, at their option, to convert the Outstanding Balance into shares of Common Stock at a conversion price of $2.50 per share.

The Company engaged the services of Noble Financial Capital Markets ("Noble") to act as placement agent in connection with the Convertible Note and Warrant Offering. Additionally, Noble entered into a Master Selected Dealers Agreement with Rockwell Global Capital, LLC ("Rockwell") to act as a selected dealer. As of February 28, 2013, we have not paid Noble or Rockwell any placement agent fees in connection with the Convertible Note and Warrant Offering.

Each of the issuances reflected above were exempt from registration pursuant to Section 4(2) of, and Regulation D promulgated under, the Securities Act of 1933, as amended.

As of February 28, 2013, we have the following equity securities outstanding; 21,054,418 shares of common stock, 220,000 common stock purchase warrants with an exercise price equal to $0.68, 1,497,122 common stock purchase warrants with an exercise price equal to $0.91, 786,250 common stock purchase warrants with an exercise price equal to $1.40, 150,000 common stock purchase warrants with an exercise price equal to $1.50, 78,700 common stock purchase warrants with an exercise price equal to $3.00, and 1,116,500 stock options with an exercise price equal to $0.68. Additionally, we have $787,000 principal amount of convertible promissory notes outstanding.

Item 6. SELECTED FINANCIAL DATA

Not applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the related notes to the consolidated financial statements included elsewhere in this Form 10-K. Our audited consolidated financial statements have been prepared in accordance with U.S. GAAP. In addition, our audited consolidated financial statements and the financial data included in this Form 10-K reflect our reorganization and have been prepared as if our current corporate structure had been in place throughout the relevant periods. The following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words “expect,” “anticipate,” “intend,” “believe,” or similar language. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information set forth under the heading “Risk Factors” and elsewhere in this Form 10-K. Readers are cautioned not to place undue reliance on these forward-looking statements.

Business Overview

We are a development stage life sciences company that is focused on developing and commercializing novel diagnostic tests and therapeutics for the early and reliable prediction and treatment of systemic metastasis - cancer that spreads from a primary tumor through the bloodstream to other areas of the body. Systemic metastasis is responsible for ~90% of all solid tumor cancer related deaths and as such, we believe that more effective treatment of metastatic disease and/or the prevention of metastasis is needed to improve patient outcomes. Our first test, the MetaSite *Breast*™ test, will be used for early stage breast cancer patients to predict the likelihood of systemic metastasis. We anticipate all tumor samples will be sent to our clinical reference laboratory that we anticipate establishing in the New York for analysis. Upon generation and delivery of a Metastasis Score report to the physician, we plan to bill third-party payors for the MetaSite *Breast*™ test. We project that the list price of our test will be $2,595.

In January 2013, we completed a 500 patient Large Population Validation study of the MetaSite *Breast*™. The data from the Large Population Validation study has been submitted for publication in a peer-reviewed journal. We anticipate commencing initial marketing of the MetaSite *Breast*™ test in 2014 followed by our MenaCalc™ diagnostic assay for breast cancer in 2015. We plan to initially market to a select number of physicians in a few markets in the United States through a small direct sales force. We believe a subsequent increase in demand will result from the publication of further studies in one or more peer-reviewed scientific/medical journals and the presentation of study results at gatherings such as the ASCO meeting and the San Antonio Breast Cancer Symposium. However, any increased demand for our product is not necessarily indicative of future growth rates, and we cannot assure you that this level of increased demand can be sustained. Initially, we expect our laboratory will have the capacity to process up to 1,000 tests per quarter, and our current expansion plan contemplates that we will have capacity to process up to 15,000 tests per quarter by the end of calendar 2015.

We believe the key factors that will drive broader adoption of function-based diagnostic assays will be acceptance by healthcare providers of their clinical benefits, demonstration of the cost-effectiveness of using our tests, expansion of our sales force and increased marketing efforts and expanded reimbursement by third-party payors. Reimbursement by third-party payors is essential to our commercial success. In general, clinical laboratory testing services, when covered, are paid under various methodologies, including prospective payment systems and fee schedules. Reimbursement from payors depends upon whether a service is covered under the patient's policy and if payment practices for the service have been established. As a relatively new diagnostic test, we may be considered investigational by payors and not covered under current reimbursement policies. Until we reach agreement with an insurer on contract terms or establish a policy for payment of our function-based diagnostic tests, we expect to recognize revenue on a cash basis.

Upon commercialization of the MetaSite *Breast*™ test, we will begin working with third-party payors to establish reimbursement coverage policies. Where policies are not in place, we will pursue case-by-case reimbursement. We believe that as much as 20% of our future revenues may be derived from tests billed to Medicare. We will begin working with many payors, including Medicare, to establish policy-level reimbursement, which, if in place, will allow us to recognize revenues upon submitting an invoice. We do not expect to recognize the majority of revenues in this manner until calendar 2015, at the earliest.

Since our inception, we have generated significant net losses. As of February 28, 2013, we had an accumulated deficit of $5,362,479. We incurred net losses of $2,520,579 and $2,426,654 in the years ended February 28, 2013 and February 29, 2012, respectively. We expect our net losses to continue for at least the next several years. We anticipate that a substantial portion of our capital resources and efforts will be focused on research and development, both to develop additional tests for breast cancer and to develop products for other cancers, and to scale up our commercial organization, and other general corporate purposes. Our financial results will be limited by a number of factors, including establishment of coverage policies by third-party insurers and government payors, our ability in the short term to collect from payors often requiring a case-by-case manual appeals process, and our ability to recognize revenues other than from cash collections on tests billed until such time as reimbursement policies or contracts are in effect. Until we receive routine reimbursement and are able to record revenues as tests are processed and reports delivered, we are likely to continue reporting net losses.

Financial Operations Overview

Revenues

We currently do not have any revenues. We expect to derive our revenues from product sales and operate in one industry segment. Initially, our product revenues will be derived solely from the sale of the MetaSite *Breast*™ test. Payors will be generally billed upon generation and delivery of a Metastasis Score report to the physician. Product revenues will be recorded on a cash basis unless a contract or policy is in place with the payor at the time of billing and collectability is reasonably assured. Initially, all product revenues recognized will probably reflect cash collections.

Cost of Product Revenues

Cost of product revenues represents the cost of materials, direct labor, costs associated with processing tissue samples including histopathology, anatomical pathology, paraffin extraction, and quality control analyses, license fees and delivery charges necessary to render an individualized test result. Costs associated with performing our test will be recorded as tests are processed. License fees to third-party vendors would be recorded at the time product revenues are recognized or in accordance with other contractual obligations. We expect that license fees will represent a significant component of our cost of product revenues and are expected to remain so for the foreseeable future.

General and Administrative Expenses

General and administrative expenses from our inception through February 28, 2013 were $2,665,183. Our general and administrative expenses consist primarily of personnel related costs, legal costs, including intellectual property, accounting costs and other professional and administrative costs.

Research and Development Expenses

Research and development expenses from our inception through February 28, 2013 were $1,541,203, and substantially all of these expenses were focused on the research and development of the MetaSite *Breast*™ test. During this time, the MetaSite *Breast*™ test was not the only product under development. Research and development expenses also represent costs incurred to develop our MenaCalc™ platform of diagnostic assays in breast, lung, and prostate cancers and initial research on our MenaBloc™ therapeutic platform.

We charge all research and development expenses to operations as they are incurred. All potential future product programs, apart from the MetaSite *Breast*™ test for breast cancer metastasis, are in the clinical research phase, and the earliest we expect another cancer program to reach the clinical development stage is late 2013. However, the expected time frame that a product related to one of these other cancers can be brought to market is uncertain given the technical challenges and clinical variables that exist between different types of cancers.

We do not record or maintain information regarding costs incurred in research and development on a program or project specific basis. Our research and development staff working under sponsored research agreements and consulting agreements and associated infrastructure resources are deployed across several programs. Many of our costs are thus not attributable to individual programs. We believe that allocating costs on the basis of time incurred by our employees does not accurately reflect the actual costs of a project.

As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development programs or when, if ever, and to what extent we will receive cash inflows from the commercialization and sale of a product.

Selling and Marketing Expenses

Our selling and marketing expenses that we expect to incur coincident with the launch of the MetaSite *Breast*™ test will consist primarily of personnel costs and education and promotional expenses. We expect these expenses will include the costs of educating physicians, laboratory personnel and other healthcare professionals regarding our technologies, how our MetaSite *Breast*™ test was developed and validated and the value of the quantitative information that the MetaSite *Breast*™ test provides. Selling and marketing expenses will also include the costs of sponsoring continuing medical education, medical meeting participation and dissemination of our scientific and economic publications related to the MetaSite *Breast*™ test. Sales and marketing expenses from our inception through February 28, 2013 were $0.

Critical Accounting Policies and Significant Judgments and Estimates

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from those estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 2 to our consolidated financial statements included in this Form 10-K. We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our financial statements.

Revenue Recognition

We have generated no revenues since our inception. Clinical laboratory service revenues for our first product, the MetaSite *Breast*™ test, are expected to be generated from the projected commercial launch in 2014, and are expected to be recognized on a cash basis because we will have limited collection experience and a limited number of contracts. In accordance with our policy, revenues for tests performed will be recognized on an accrual basis when the related costs are incurred, provided there is a contract or coverage policy in place and the following criteria are met:

- persuasive evidence that an arrangement exists;
- delivery has occurred or services rendered;
- the fee is fixed and determinable; and
- collectability is reasonably assured.

Determination of the last two criteria will be based on management's judgment regarding the nature of the fee charged for products or services delivered and the collectability of those fees.

We expect to generally bill third-party payors for the MetaSite *Breast*™ test upon generation and delivery of a Metastasis Score report to the physician. Accordingly, we take assignment of benefits and the risk of collection with the third-party payor. We usually bill the patient directly for amounts owed after multiple requests for payment have been denied or only partially paid by the insurance carrier. As a new test, the MetaSite *Breast*™ test may be considered investigational by payors and not covered under their reimbursement policies. Consequently, we expect to pursue case-by-case reimbursement where policies are not in place or payment history has not been established.

Clinical Collaborator Costs

We expect to enter into collaboration and clinical trial agreements with clinical collaborators and record these costs as research and development expenses. We plan to record accruals for estimated study costs comprised of work performed by our collaborators under contract terms. All clinical collaborators will be expected to enter into agreements with us, which specify work content and payment terms.

Results of Operations

Comparison of the Years Ended February 28, 2013 and February 29, 2012

Revenues. There were no revenues for the years ended February 28, 2013 and February 29, 2012, respectively, because we have not yet commercialized any of our function-based diagnostics assays.

Cost of Product Revenues. No cost of product revenues were recorded in the years ended February 28, 2013 and February 29, 2012, respectively, because we have not yet commercialized any of our function-based diagnostics assays.

General and Administrative Expenses. General and administrative expenses totaled $1,757,793 for the year ended February 28, 2013 as compared to $737,113 for the year ended February 29, 2012. This represents an increase of $1,020,680 for the year ended February 28, 2013 over the year ended February 29, 2012. This increase was due in part to increases in costs for employee salaries, legal, including intellectual property, accounting and other professional and consulting costs.

Research and Development Expenses. Research and development expenses were $516,798 for the year ended February 28, 2013 as compared to $854,550 for the year ended February 29, 2012. This represents a decrease of $337,752 for the year ended February 28, 2013 over the year ended February 29, 2012. This decrease resulted primarily from the completion of the Sponsored Research Agreement for the MetaSite *Breast*™ test.

Selling and Marketing Expenses. There were no selling and marketing expenses recorded for the years ended February 28, 2013 and February 29, 2012, respectively, because we have not yet commercialized any of our function-based diagnostics assays.

Warrant Expense. Warrant expenses were $230,189 for the year ended February 28, 2013 as compared to $149,999 for the year ended February 29, 2012. This represents an increase of $80,190 for the year ended February 28, 2013 over the year ended February 29, 2012. This increase resulted primarily from the issuance of warrants as partial compensation for financial advisory consulting services.

Stock-based Compensation. Stock-based compensation was $5,270 for the year ended February 28, 2013 as compared to $684,049 for the year ended February 28, 2012. This represents a decrease of $678,779 for the year ended February 28, 2013 over the year ended February 29, 2012. This decrease resulted primarily from a reduction in options and shares of common stock issued to employees, board members, scientific and clinical advisory board members and research consultants.

Interest Income and Other Income/ Expense. We recorded interest income of $596 for the year ended February 28, 2013 and no interest income during the year ended February 29, 2012.

Interest Expense. We made no interest payments on borrowings during the years ended February 28, 2013 and February 29, 2012, respectively.

Net Loss. As a result of the factors described above, we had a net loss of $2,520,579 for the year ended February 28, 2013 as compared to $2,426,654 for the year ended February 29, 2012.

Liquidity and Capital Resources

Since our inception, we have incurred significant losses and, as of February 28, 2013, we had an accumulated deficit of $5,362,479. We have not yet achieved profitability and anticipate that we will continue to incur net losses for the foreseeable future. We expect that our research and development, general and administrative and selling and marketing expenses will continue to grow and, as a result, we will need to generate significant product revenues to achieve profitability. We may never achieve profitability.

Sources of Liquidity

Since our inception, substantially all of our operations have been financed through the sale of our common stock and convertible promissory notes. Through February 28, 2013, we had received net proceeds of $4,283,755 through the sale of common stock to investors and $787,000 from the sale of convertible promissory notes. As of February 28, 2013, we had cash and cash equivalents of $969,188 and net debt of $716,957. As a result of the most recent sale of shares of common stock and convertible promissory notes through February 28, 2013, we have issued and outstanding warrants to purchase 2,732,072 shares of our common stock at a weighted average exercise price of $1.13, which will result in proceeds to us of approximately $3.1 million if all outstanding warrants are exercised.

Cash Flows

As of February 28, 2013, we had $969,188 in cash and cash equivalents including subscription receivables, compared to $878,340 on February 29, 2012.

Net cash used in operating activities was $2,395,909 for the year ended February 28, 2013, compared to $1,291,861 for the year ended February 29, 2012. The increase in cash used of $1,104,048 was primarily due to an increase in general and administrative costs including costs for employee salaries, legal, including intellectual property, accounting and other professional and consulting costs.

Net cash used in investing activities was $45,243 for the year ended February 28, 2013, compared to $17,200 for the year ended February 29, 2012. This cash was used for purchases of equipment. We expect amounts used in investing activities to increase in fiscal year 2014 and beyond as we grow our corporate infrastructure, expand research and development activities and establish and add capacity in our commercial laboratory.

Net cash provided by financing activities during the year ended February 28, 2013 was $2,532,000, compared to $1,945,145 for the year ended February 29, 2012. Financing activities consisted primarily of the sale of our common stock and common stock purchase warrants and convertible promissory notes and common stock purchase warrants for the year ended February 28, 2013 and the sale of our common stock and common stock purchase warrants for the year ended February 29, 2012.

Capital Raising Requirements

Pursuant to the License Agreement, the Second License Agreement and the Third License Agreement, we are required to meet certain capital raising or financing requirements beginning on the first anniversary of the effective date of the License Agreement, or August 26, 2011. These capital raising requirements are inclusive for all three license agreements. We must meet the following conditions:

1. Raise $750,000 in debt, equity or other financing or revenues by the first anniversary of the effective date of the License Agreement, which requirement has been satisfied by us.

2. Raise $2,000,000 in debt, equity or other financing or revenues by the third anniversary of the effective date, which requirement has been satisfied by us.

3. Raise $5,000,000 in debt, equity or other financing or revenues by the fifth anniversary of the effective date. As of May 28, 2013, this requirement has been satisfied by us.

Subsequent Events

Convertible Note and Warrant Offering

In March through May 2013, we entered into separate convertible note and warrant purchase agreements with certain institutional and accredited investors for the issuance and sale in a private placement consisting of, in the aggregate: (a) $700,000 principal amount of Notes convertible into shares of our common stock, and (b) four-year warrants to purchase up to 70,000 shares of common stock at an exercise price of $3.00 per share, for aggregate gross proceeds of $700,000.

As of May 28, 2013, inclusive of the January and February 2013 issuances, we issued in the aggregate (a) $1,487,000 principal amount of Notes convertible into shares of our common stock, and (b) four-year warrants to purchase up to 148,700 shares of common stock at an exercise price of $3.00 per share, for aggregate gross proceeds of $1,487,000. Additionally, we paid Noble a cash fee of $10,496 and issued 5,248 five-year placement agent warrants exercisable for shares of common stock with an exercise price per share of $2.50. We paid to Rockwell a cash fee of $4,464 and issued 2,232 five-year placement agent warrants exercisable for shares of common stock with an exercise price per share of $2.50.

April 2013 Issuances

On April 5, 2013, we issued the following securities pursuant to our Amended and Restated 2012 Omnibus Securities and Incentive Plan: (1) an aggregate of 300,000 options to purchase shares of our common stock to our executive officers and directors and 150,000 shares of restricted stock to one of our directors; (2) an aggregate of 423,500 options to purchase shares of our common stock and an aggregate of 153,013 shares of restricted stock to members of our Scientific Advisory Board and Clinical Advisory Board; and (3) 100,000 options to purchase shares of our common stock to an advisor. The stock options provide for an exercise price per share of $3.25.

The stock options issued to our executive officers and directors vest in four equal installments on each of May 31, 2013, August 31, 2013, November 30, 2013 and February 28, 2014. The restricted stock issued to one of our directors vests upon the earlier of a change in control or upon us achieving $5,000,000 in gross sales from one or more of our products.

Of the 423,500 stock options issued to members of our Scientific Advisory Board and Clinical Advisory Board, 181,500 of such stock options are immediately vested and 242,000 of such stock options vest in four equal installments on each of May 31, 2013, August 31, 2013, November 30, 2013 and February 28, 2014. The restricted stock issued to members of our Scientific Advisory Board and Clinical Advisory Board vests upon (1) the listing of our shares of common stock on a national securities exchange and (2) the shares trade on a national securities exchange with a daily trading volume of at least 50,000 shares per day for 30 consecutive trading days.

Appointment of David M. Epstein, Ph.D.

On April 12, 2013, we entered into an advisory agreement (the "Epstein Agreement") with David Epstein, Ph.D. to serve as our Head of Drug Development / Director until terminated in accordance with the terms of the Epstein Agreement. Effective on April 16, 2013 Dr. Epstein was appointed as a director of the Company. Dr. Epstein shall devote up to 30 hours per month, or 360 hours per year, of business time to the performance of his duties under the Epstein Agreement. In exchange for such services, we have agreed to pay to Dr. Epstein fees of $250.00 per hour and issue to him 100,000 restricted shares of our common stock. As such, we issued Dr. Epstein 100,000 shares in April 2013. In addition, upon the achievement of each of the three milestones set forth in the Epstein Agreement, we will issue an additional 200,000 restricted shares of common stock to Dr. Epstein, subject to his continued service with us.

Consulting Agreement

On April 18, 2013, we entered into an agreement with a consultant whereby we issued 12,000 shares of our common stock as partial consideration.

Contractual Obligations

As of February 28, 2013, we had the following contractual commitments:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
	(In thousands)				
License Agreement	$ 385	$ 30	$ 155	$ 200	$ (a)
Second License Agreement	$ 297	$ 12	$ 110	$ 175	$ (b)
Third License Agreement	$ 297	$ 12	$ 110	$ 175	$ (c)

(a) Amount of additional payments depends on several factors, including the duration of the License Agreement, which depends on expiration of the last patent to be issued pursuant to the License Agreement. That duration is uncertain because the last patent has not yet been issued.

(b) Amount of additional payments depends on several factors, including the duration of the Second License Agreement, which depends on expiration of the last patent to be issued pursuant to the Second License Agreement. That duration is uncertain because the last patent has not yet been issued.

(c) Amount of additional payments depends on several factors, including the duration of the Third License Agreement, which depends on expiration of the last patent to be issued pursuant to the Third License Agreement. That duration is uncertain because the last patent has not yet been issued.

Pursuant to the License Agreement, we are required to make a series of annual minimum royalty or "license maintenance" payments under the License Agreement beginning on the first anniversary date, or August 26, 2011. For a period of seven years on each anniversary, we are required to make additional payments in amounts that gradually increase beginning in year five. To date, we have satisfied both the initial payment for 2011 and the second payment for 2012 in the amount of $30,000, respectively. We are required to make additional payments of $30,000 in each of 2013 and 2014, $50,000 in 2015, $75,000 in 2016 and $100,000 in 2017 and every year the license is in effect thereafter.

Pursuant to the Second License Agreement, we are required to make a series of annual minimum royalty or "license maintenance" payments beginning on the first anniversary date of the effective date, or January 3, 2013. For a period of seven years on each anniversary, we are required to make additional payments in amounts that gradually increase beginning in year three. We have satisfied the license maintenance payment of $12,000 for the first anniversary in 2013. We are required to make additional payments of $12,000 in 2014, $30,000 in each of 2015, 2016, $50,000 in 2017, $75,000 in 2018 and $100,000 in 2019 and every year the license is in effect thereafter.

Pursuant to the Third License Agreement, we are required to make a series of annual minimum royalty or "license maintenance" payments beginning on the first anniversary date of the effective date, or January 3, 2013. For a period of seven years on each anniversary, we are required to make additional payments in amounts that gradually increase beginning in year three. We have satisfied the license maintenance payment of $12,000 for the first anniversary in 2013. We are required to make additional payments of $12,000 in 2014, $30,000 in each of 2015, 2016, $50,000 in 2017, $75,000 in 2018 and $100,000 in 2019 and every year the license is in effect thereafter.

Beginning as early as the second half of calendar 2013, we intend to enter into arrangements for the acquisition of laboratory equipment, computer hardware and software, leasehold improvements and office equipment. We cannot at this time provide assurances that we will be able to enter into agreements with vendors on terms commercially favorable to us or that we will be able to enter into such arrangements without securing additional financing.

We currently sublease administrative and office space under a sublease on a month-to-month basis for at a cost of $1,200 per month.

Operating Capital and Capital Expenditure Requirements

We expect to continue to incur substantial operating losses in the future and to make capital expenditures to keep pace with the expansion of our research and development programs and to scale up our commercial operations, which we expect to fund in part with the proceeds of the recent financing activities. It may take several years to move any one of a number of product candidates in clinical research through the development and validation phases to commercialization. We expect that the remainder of the net proceeds and our existing cash and cash equivalents will be used to fund working capital and for capital expenditures and other general corporate purposes, such as licensing technology rights, partnering arrangements for the processing of tests outside the United States or reduction of contractual obligations. A portion of the net proceeds may also be used to acquire or invest in complementary businesses, technologies, services or products. We have no current plans, agreements or commitments with respect to any such acquisition or investment, and we are not currently engaged in any negotiations with respect to any such transaction.

The amount and timing of actual expenditures may vary significantly depending upon a number of factors, such as the progress of our product development, regulatory requirements, commercialization efforts, the amount of cash used by operations and progress in reimbursement. We expect that we will receive limited payments for the MetaSite *Breast*™ test billings from the beginning of our marketing efforts into the foreseeable future. As reimbursement contracts with third-party payors are put into place, we expect an increase in the number and level of payments received for the MetaSite *Breast*™ test billings.

We currently anticipate that our cash and cash equivalents,will be sufficient to fund our operations for approximately 6 months, without raising additional capital. We cannot be certain that any of our future efforts to secure reimbursement contract programs or development of future products will be successful or that we will be able to raise sufficient additional funds to see these programs through to a successful result.

Our future funding requirements will depend on many factors, including the following:

- the rate of progress in establishing reimbursement arrangements with third-party payors;
- the cost of expanding our commercial and laboratory operations, including our selling and marketing efforts;
- the rate of progress and cost of research and development activities associated with expansion of products for breast cancer;
- the rate of progress and cost of research and development activities associated with products in the research phase focused on cancer, other than breast cancer;
- the cost of acquiring or achieving access to tissue samples and technologies;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- the effect of competing technological and market developments;
- the cost and delays in product development as a result of any changes in regulatory oversight applicable to our products; and
- the economic and other terms and timing of any collaborations, licensing or other arrangements into which we may enter.

Until we can generate a sufficient amount of product revenues to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through public or private equity offerings, debt financings, borrowings or strategic collaborations. The issuance of equity securities may result in dilution to stockholders. We do not know whether additional funding will be available on acceptable terms, or at all. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more research and development programs or selling and marketing initiatives. In addition, we may have to work with a partner on one or more of our product development programs or market development programs, which would lower the economic value of those programs to our company.

Income Taxes

Since inception, we have incurred operating losses and, accordingly, have not recorded a provision for income taxes for any of the periods presented. As of February 28, 2013, we had cumulative net operating loss carryforwards for federal income tax purposes of $4,219,686. If not utilized, the federal net operating loss and tax credit carryforwards will expire beginning in the year 2029. Utilization of net operating loss and credit carryforwards may be subject to a substantial annual limitation due to restrictions contained in the Internal Revenue Code that are applicable if we experience an “ownership change.” The annual limitation may result in the expiration of our net operating loss and tax credit carryforwards before they can be used.

Recent Accounting Pronouncements

We have implemented all new relevant accounting pronouncements that are in effect through the date of these financial statements. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and we do not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on our financial position or results of operations.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL DATA

Consolidated Financial Statements

The financial statements required by this item begin on page F-1 hereof.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to management, including principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Management carried out an evaluation, under the supervision of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of disclosure controls and procedures as of February 28, 2013. Based upon that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that the design and operation of disclosure controls and procedures were not effective at the reasonable assurance level due to a material weakness in our internal control over financial reporting, which is described below.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in the Securities Exchange Act of 1934, as amended. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of internal control over financial reporting as of February 28, 2013. In making this assessment, management used the criteria set forth by *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment using those criteria, management concluded that internal control over financial reporting was not effective as of February 28, 2013. The primary factors contributing to the material weakness, which relates to our financial statement close process, were:

- Lack of proper segregation of duties due to limited personnel; and
- Lack of a formal review process that includes multiple levels of review, resulting in adjustments related to unrecorded liabilities and shared based compensation.

As a smaller reporting company, we are not required to obtain an attestation report from our registered public accounting firm regarding internal controls over financial reporting.

Changes in Internal Controls over Financial Reporting.

We have had no changes in internal control over financial reporting during the period ended February 28, 2013 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Name	Age	Position
Oscar L. Bronsther, M.D., F.A.C.S.	61	Chief Executive Officer, Chief Medical Officer and Director (1)
Warren C. Lau	59	President, Chief Financial Officer and Director (2)
Daniel H. Schneiderman	35	Vice President of Finance, Comptroller
Johan M. (Thijs) Spoor	41	Chairman of the Board of Directors (1)
David N. Siegel	51	Director (1)
Patrick T. Mooney, M.D.	45	Director (1)
David M. Epstein, Ph.D.	54	Director (3)

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(1) Appointed as a member of our board of directors on February 27, 2012, effective as of April 7, 2012.
(2) Appointed as a member of our board of directors on February 27, 2012.
(3) Appointed as a member of our board of directors on April 16, 2013.

Oscar Bronsther, M.D., F.A.C.S. Dr. Bronsther was appointed as chief medical officer and chairman of our board of directors on February 27, 2012, effective as of April 7, 2012. Dr. Bronsther was appointed as our chief executive officer on December 21, 2012, at which time he resigned as chairman of the board. Dr. Bronsther is a Diplomat, American Board of Surgery, and since November 2008, has served as the Chairman, Section of General Surgery, at Inova Fairfax Hospital. Since September 2003, he has also served as Clinical Professor of Surgery at George Washington University in Washington, D.C. From 2005 to 2007, he served as Chairman of the Board of National Transplant Network. Dr. Bronsther received his B.A. from the University of Rochester in 1973, his M.D. from Downstate Medical Center in 1978, was a Fellow in Kidney Transplantation at Downstate Medical Center, and was a Fellow in Liver Transplantation at the University of Pittsburgh Center. Dr. Bronsther's editorial positions include Reviewer, Journal of the American College of Surgeons, Transplantation, Transplant Proceedings, Liver Transplantation and Surgery, and the American Journal of Kidney Disease. Dr. Bronsther is the author of 63 peer-reviewed publications, seven books and book chapters, and has participated in over 30 invited lectures. Dr. Bronsther's broad range of experience in medicine, academia, and administration enable him to provide a unique and valuable perspective to our board of directors.

Warren C. Lau. Mr. Lau has served as our president and a director since February 27, 2012. Mr. Lau also served as our chief executive officer from February 27, 2012 to December 21, 2012. Mr. Lau was appointed our chief financial officer on May 1, 2012. From July 2009 until February 2012, Mr. Lau served as Founder, President and CEO of MBM. For over one year prior to the incorporation of MBM in July of 2009, Mr. Lau was active in technology evaluation leading to the founding of the Company. From October 2005 to March 2008, Mr. Lau served as a director and as the founder, president and CEO of HoustonPharma, Inc., a biotechnology company located in Houston, Texas. Mr. Lau was the founder of PharmaFrontiers Corp., a biotechnology company located in Houston, Texas, in February 2003 and served as a member of such company's board of directors and as its president, chief executive officer and treasurer until July of 2004. In 2004, PharmaFrontiers acquired Opexa Pharmaceuticals. Mr. Lau was the founder of Adventrx Pharmaceuticals, Inc. in 1996. He served as its president and CEO and as a member of its board of directors from July 1996 through November 2001. During his time as president and CEO, this company consummated two acquisitions, Immune Complex Corporation in 1997, which was later spun off to the shareholders, and Biokeys Pharmaceuticals, Inc. From November 1997 to September 1998, Mr. Lau served as a director of Immune Complex Corporation and Synthetic Genetics, Inc., privately held biotechnology companies. As our president and chief executive officer, Mr. Lau's significant experience in the life science and biotechnology industries enable him to provide significant insights into our business and make him qualified to be a member of our board of directors.

Daniel H. Schneiderman. Mr. Schneiderman was appointed Vice President of Finance effective December 21, 2012 and has served as the Company's Vice President and Comptroller since February 27, 2012. Mr. Schneiderman has ten years of investment banking and corporate finance experience, focusing on private and public equity for small and mid-market capitalization companies mainly in the healthcare and life sciences sectors. Prior to joining the Company, he was senior vice president of investment banking for Burnham Hill Partners LLC, where he worked since 2008. From 2004 through 2008, Mr. Schneiderman was vice president of investment banking at Burnham Hill Partners, a division of Pali Capital, Inc. Previously, Mr. Schneiderman worked at H.C. Wainwright & Co. in 2004 as an analyst. Mr. Schneiderman holds a Bachelor's Degree from Tulane University.

Johan M. (Thijs) Spoor. Mr. Spoor was appointed to our board of directors on February 27, 2012, effective as of April 7, 2012 and was appointed Chairman of the Board on December 21, 2012. Mr. Spoor is currently the chief executive officer, president, chief financial officer and director of FluoroPharma Medical Inc., a public biopharmaceutical company. He has held these positions at FluoroPharma since May 2011. Mr. Spoor holds a Nuclear Pharmacy degree from the University of Toronto as well as an M.B.A. from Columbia University with concentrations in finance and accounting. Mr. Spoor has been a guest lecturer at Columbia Business School, Kings College in London and the University of Newcastle in Australia. Mr. Spoor previously held the title of CFO for Sunstone BioSciences for the period from February 2010 through September 2010. Prior to joining Sunstone BioSciences, he worked as a consultant at Oliver Wyman from December 2008 through February 2010 focusing on helping pharmaceutical and medical device companies evaluate their global revenue potential given the complex interplay of regulatory approvals, the reimbursement environment, as well as the impact of physician preference within constantly evolving standards of care. He further specialized on the implications of healthcare reform on new product approval and health insurance reform. Mr. Spoor has also been an equity research analyst at J.P. Morgan from July 2007 through October 2008 and Credit Suisse from November 2005 through July 2007 covering the biotechnology and medical device industries. Prior to his career on Wall Street, Mr. Spoor worked in the pharmaceutical industry, spending 11 years with Amersham / GE Healthcare where he worked in seven countries in a variety of roles including setting up GMP facilities, accountability for the nuclear cardiology portfolio and most recently as the Director of New Product Opportunities leading the PET strategic plan. Mr. Spoor's background in nuclear pharmacy, finance and accounting and as a healthcare research analyst, as well as his experience at both large and small healthcare companies, provides him with a broad familiarity of the range of issues confronting a developing biotechnology company, which makes him a qualified member of our board of directors.

David N. Siegel. Mr. Siegel was appointed to our board of directors on February 27, 2012, effective as of April 7, 2012. Mr. Siegel was appointed President and CEO of Frontier Airlines in January 2012. Previously, he was a Managing Director of Hyannis Port Capital from June 2010 to December 2011. Mr. Siegel served as Chairman and CEO of XOJET, a TPG Capital funded private aviation company, from October 2008 until May 2010. Before joining XOJET, Mr. Siegel was Chairman and CEO of Gategroup, AG, an independent airline catering, hospitality and logistics company based in Zurich, from June 2004 to March 2009. Prior to Gategroup, Mr. Siegel served as president, chief executive officer of Gate Gourmet Group, Inc., an independent airline catering, hospitality and logistics company. Prior to Gate Gourmet Group, Mr. Siegel served as president, chief executive and a member of the board of US Airways Group, Inc., and US Airways, Inc., the airline operating unit. Prior to joining US Airways, Mr. Siegel was chairman and chief executive officer of Avis Rent A Car System, Inc., a subsidiary of Cendant Corp. Mr. Siegel's service as a member of senior management and the boards of directors of a number of U.S. corporations provides our board of directors with invaluable financial and management experience.

Patrick T. Mooney, M.D. Dr. Mooney was appointed to our board of directors on February 27, 2012, effective as of April 7, 2012. Dr. Mooney currently serves as the chief executive officer, president and chairman of the board of directors of Echo Therapeutics, Inc. (Nasdaq: ECTE), a medical device company, and has held those roles since September 2007, June 2009, and January 2008, respectively. Dr. Mooney previously served as president, chief executive officer and director of Echo Therapeutics, Inc. (a privately-held company prior to its merger with Sontra Medical Corporation) from September 2006 to September 2007. Prior to joining Echo Therapeutics, Inc., Dr. Mooney was president, chief executive officer and chairman of Aphton Corporation (Nasdaq: APHT), a biopharmaceutical company, from January 2004 to November 2006. Aphton Corporation declared bankruptcy under Chapter 11 of the United States Bankruptcy Code. Dr. Mooney served as Senior Biotechnology Analyst at Thomas Weisel Partners, LLC, a full service merchant banking firm, and as Senior Biotechnology Analyst at Janney Montgomery Scott, LLC, a full services investment banking firm. He graduated from the Jefferson Medical College of Thomas Jefferson University and trained as a surgical resident at Thomas Jefferson University Hospital. From

June to September 2010, Dr. Mooney was a member of the board of directors of Quantrx Biomedical Corporation, a healthcare diagnostics company. Dr. Mooney's medical education and experience as practicing clinician, as well as his industry specific extensive management experience, provides him with a broad and deep understanding of the science underlying our business and our competitors' efforts, which is an invaluable resource to our board of directors.

David M. Epstein, Ph.D. Dr. Epstein was appointed to our board of directors effective as of April 16, 2013. From May 2006 to March 2013, Dr. Epstein served as Senior Vice President and Chief Scientific Officer for OSI Pharmaceuticals ("OSI"), now a wholly owned subsidiary of Astellas Pharma US, Inc., where he had strategic and operational oversight of OSI's oncology discovery research and translational medicine programs. From May 2001 to April 2006, Dr. Epstein served as vice president of Archemix Corp, an aptamer therapeutics-focused discovery and development company, where he was responsible for overseeing Archemix's aptamer research and pre-clinical development programs. Dr. Epstein's experience provides him with a broad and deep understanding of the science underlying our business and our competitors' efforts, which is an invaluable resource to our board of directors.

Scientific Advisory Board

Effective as of October 24, 2012, the board of directors formally established a Scientific Advisory Board whose primary responsibilities include advising our management and the board on the long-term direction of our scientific and research goals. The members of the Scientific Advisory Board are John Condeelis, Ph.D., Frank Gertler, Ph.D. and Thomas Rohan, M.D., Ph.D. Dr. Condeelis serves as Chairman of the Scientific Advisory Board.

John S. Condeelis, Ph.D. Dr. John Condeelis is The Judith and Burton P. Resnick Chair in Translational Research, Professor and Co-Chairman of the Department of Anatomy and Structural Biology at the Albert Einstein College of Medicine (AECOM). He is the director of the Cancer Center program "Tumor Microenvironment and Metastasis" and co-Director of the Gruss Lipper Biophotonics Center of AECOM. His current research interests are in tumor cell motility, chemotaxis, invasion and intravasation during metastasis. He has combined multiphoton imaging with expression analysis to derive gene expression signatures. This Human Breast Cancer Invasion Signature defines the pathways used by tumor cells in mammary tumors to move and invade blood vessels. The tumor cells are followed using multiphoton imaging for these studies using novel caged-enzymes and biosensors to test, in vivo, the predictions of the invasion signature regarding the mechanisms of tumor cell chemotaxis to EGF. Dr. Condeelis has authored more than 250 scientific papers on various aspects of cell and cancer biology, prognostic marker development and optical imaging.

Frank B. Gertler, Ph.D. Dr. Frank Gertler received his B.S. degree from the University of Wisconsin-Madison in 1985. During his post-graduate thesis work at the University of Wisconsin-Madison, Dr. Gertler discovered the Enabled (Ena) gene in a search for functional downstream targets of signaling by the Drosophila homolog of the c-Abl proto-oncogene. He proceeded to demonstrate that Abl and Ena function were key components of the machinery required to establish normal connections during development of the nervous system. After receiving his Ph.D. in Oncology and Genetics in 1992, Dr. Gertler trained as a Postdoctoral Fellow in the laboratory of Philippe Soriano at the Fred Hutchinson Center for Cancer Research from 1993 through 1997. During this time, he cloned Mena, the mammalian homolog of Drosophila Ena, and discovered a family of related molecules, the "Ena/VASP" proteins. In 1997, Dr. Gertler joined the Biology Department at the Massachusetts Institute of Technology (MIT). His laboratory continued to work on Mena and the related Ena/VASP proteins and described pivotal roles for these proteins in controlling cell movement, shape and adhesion during fetal development. In 2005, Dr. Gertler moved to the MIT Center for Cancer Research and began to work on the role of Mena in metastatic progression and launched other efforts geared at understanding how the control of cell motility is dysregulated during metastatic diseases. Currently, Dr. Gertler is a Full Professor in the Koch Institute for Integrative Cancer Research at MIT and a member of the MIT Biology Department.

Thomas E. Rohan, M.D., Ph.D. Dr. Thomas Rohan is Chairman of the Department of Epidemiology and Population Health at AECOM. He is also leader of the Cancer Epidemiology Program (CEP) and Associate Director for Population Sciences in the Albert Einstein Cancer Center. Dr. Rohan is an M.D. with a Ph.D. in Epidemiology and an M.Sc. in Medical Statistics. He has published more than 300 scientific articles and two books on various aspects of epidemiology. He has a particular interest in the molecular pathogenesis of breast cancer. Dr. Rohan is Associate Editor of the Journal Cancer Epidemiology, Biomarkers, and Prevention and several other journals, including a new journal, Cancer Medicine, which has a focus on personalized medicine. He has served on many grant review panels, served a 4-year term on the Epidemiology of Cancer Study Section at National Cancer Institute (NCI), and is currently a member of the Board of Scientific Counselors of NCI.

Clinical Advisory Board

Effective as of October 24, 2012, the board of directors formally established a Clinical Advisory Board whose primary responsibilities include advising our management and the Board on the most efficient translation of our scientific and research discoveries to clinical practice. The members of the Clinical Advisory Board are Joan Jones, M.D. and Joseph Sparano, M.D.

Joan Jones, M.D. Dr. Joan Jones is Professor, Department of Pathology, Department of Anatomy & Structural Biology, Department of Epidemiology & Population Health at Albert Einstein College of Medicine (AECOM) and is an attending Pathologist at New York Presbyterian Hospital. Dr. Jones is a former Professor of Clinical Pathology and Laboratory Medicine at Weill Cornell Medical College. Dr. Jones is an anatomic pathologist with clinical experience in breast pathology and an interest in the contribution of cell migration and the microvasculature to metastatic progression. Dr. Jones' work with the metastasis group at AECOM began in 1991 when parallels were first being drawn between events in amoeboid chemotaxis and the behavior of metastatic tumor cells. Her role has been to provide the histologic and human disease context for observations both in culture systems and animal models. Dr. Jones was one of the originators, along with Dr. Condeelis, on the use of intra-vital imaging (IVI) of live mammary tumors to identify vascular landmarks around which tumor cells migrate and intravasate. Dr. Jones' application of these IVI observations to human breast cancer samples led to confirmation of the concept of Tumor MicroEnvironment of Metastasis (TMEM) in humans, a microanatomic landmark consisting of a tumor cell, an endothelial cell, and a macrophage, initially observed in vivo in animals. She developed both the methodology and the approach to quantitation of this landmark in human samples. Dr. Jones continues to work on the application of Mena-related biomarkers and TMEM to the prediction of metastatic risk in breast cancer.

Dr. Joseph Sparano, M.D. Dr. Joseph Sparano is Professor of Medicine & Women's Health at AECOM, Associate Director for Clinical Research at the Albert Einstein Cancer Center, and Associate Chairman of the Department of Oncology at Montefiore Medical Center. He is a medical oncologist and clinical researcher who has been involved in the development of numerous phase I, II, and III NCI sponsored, investigator-initiated, and industry sponsored trials, with expertise in breast cancer, lymphoma, HIV-associated cancer, developmental therapeutics, and development and validation of prognostic and predictive biomarkers. He serves as Chair of the Eastern Cooperative Oncology Group Breast Cancer Committee, Vice-Chair of the NCI Breast Cancer Correlative Science Committee, and member of the NCI Breast Cancer Steering Committee.

Family Relationships

There are no family relationships between any of our directors or executive officers.

Code of Ethics

We adopted a Code of Ethics that applies to all directors, officers and employees. Our Code of Ethics is available on our website at *www.metastat.com*. A copy of our code of ethics will also be provided to any person without charge, upon written request sent to us at our offices located at 8 Hillside Ave., Suite 207, Montclair, New Jersey 07042.

Corporate Governance

Board Leadership Structure

Our board of directors (the "Board") has a chairman, currently Mr. Spoor, who has authority, among other things, to call and preside over board meetings, to set meeting agendas and to determine materials to be distributed to the board of directors. Accordingly, the chairman has substantial ability to shape the work of the board of directors.

The positions of chief executive officer and chairman of our Board are held by different persons. The chairman of our Board, Mr. Spoor, chairs director and stockholder meetings and participates in preparing their agendas. Dr. Bronsther serves as a focal point for communication between management and the Board between board meetings, although there is no restriction on communication between directors and management. Dr. Bronsther serves as our chief executive officer as well as a member of our Board. We believe that these arrangements afford the other members of our Board sufficient resources to supervise management effectively, without being overly engaged in day-to-day operations

There is no lead independent director for our Board, but we believe that our current leadership structure is appropriate, as the majority of our Board is composed of independent directors and each committee of our Board is chaired by an independent director. The Board considers all of its members equally responsible and accountable for oversight and guidance of its activities.

Board Committees

Effective as of October 24, 2012, the Board established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. Johan M. (Thijs) Spoor, Patrick T. Mooney, M.D. and David N. Siegel, each independent directors, will serve on each committee. Mr. Spoor will serve as the Chairman of the Audit Committee and the Nominating and Corporate Governance Committee and Dr. Mooney will serve as Chairman of the Compensation Committee.

The Board determined that Mr. Spoor possesses accounting or related financial management experience that qualifies him as financially sophisticated within the meaning of Rule 5605(c)(2)(A) of the Marketplace Rules of The Nasdaq Stock Market LLC and that he is an "audit committee financial expert" as defined by the rules and regulations of the Securities and Exchange Commission.

Board Practices

Our business and affairs are managed under the direction of our Board. The primary responsibilities of our Board are to provide oversight, strategic guidance, counseling and direction to our management.

Policy Regarding Board Attendance

Our directors are expected to attend meetings of the Board as frequently as necessary to properly discharge their responsibilities and to spend the time needed to prepare for each such meeting. Our directors are expected to attend annual meetings of stockholders, but we do not have a formal policy requiring them to do so.

Shareholder Communications

We have a process for shareholders who wish to communicate with our board of directors. Shareholders who wish to communicate with the board may write to it at our address given above. These communications will be reviewed by one or more of our employees designated by the board, who will determine whether they should be presented to the board. The purpose of this screening is to allow the board to avoid having to consider irrelevant or inappropriate communications.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our executive officers, directors and persons who beneficially own more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. These executive officers, directors, and greater than 10% beneficial owners are required by SEC regulation to furnish us with copies of all Section 16(a) forms filed by such reporting persons.

Based solely on our review of such forms furnished to us and written representations from certain reporting persons, we believe that during the fiscal year ended February 28, 2013, all filing requirements applicable to our executive officers, directors and greater than 10% beneficial owners were filed in a timely manner.

Nominees to the Board of Directors

The Board will consider director candidates recommended by security holders. Potential nominees to the Board are required to have such experience in business or financial matters as would make such nominee an asset to the Board and may, under certain circumstances, be required to be "independent", as such term is defined under Rule 5605 of the listing standards of NASDAQ and applicable SEC regulations. Security holders wishing to submit the name of a person as a potential nominee to the Board must send the name, address, and a brief (no more than 500 words) biographical description of such potential nominee to the Board at the following address: Johan M. (Thijs) Spoor, Chairman of the Board of Directors, MetaStat, Inc., 8 Hillside Avenue, Suite 207, Montclair, New Jersey 07042. Potential director nominees will be evaluated by personal interview, such interview to be conducted by one or more members of the Board, and/or any other method the Board deems appropriate, which may, but need not, include a questionnaire. The Board may solicit or receive information concerning potential nominees from any source it deems appropriate. The Board need not engage in an evaluation process unless (i) there is a vacancy on the Board, (ii) a director is not standing for re-election, or (iii) the Board does not intend to recommend the nomination of a sitting director for re-election. A potential director nominee recommended by a security holder will not be evaluated differently from any other potential nominee. Although it has not done so in the past, the Board may retain search firms to assist in identifying suitable director candidates.

The Board does not have a formal policy on Board candidate qualifications. The Board may consider those factors it deems appropriate in evaluating director nominees made either by the Board or stockholders, including judgment, skill, strength of character, experience with businesses and organizations comparable in size or scope to the Company, experience and skill relative to other Board members, and specialized knowledge or experience. Depending upon the current needs of the Board, certain factors may be weighed more or less heavily. In considering candidates for the Board, the directors evaluate the entirety of each candidate's credentials and do not have any specific minimum qualifications that must be met. "Diversity," as such, is not a criterion that the Board considers. The directors will consider candidates from any reasonable source, including current Board members, stockholders, professional search firms or other persons. The directors will not evaluate candidates differently based on who has made the recommendation.

Limitation of Liability and Indemnification of Officers and Directors

Our officers and directors are indemnified as provided by the Nevada Revised Statutes and our bylaws.

Under the Nevada Revised Statutes, director immunity from liability to a company or its shareholders for monetary liabilities applies automatically unless it is specifically limited by a company's articles of incorporation that is not the case with our articles of incorporation. Excepted from that immunity are:

(1) a willful failure to deal fairly with us or our shareholders in connection with a matter in which the director has a material conflict of interest;

(2) a violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);

(3) a transaction from which the director derived an improper personal profit; and

(4) willful misconduct.

Our bylaws provide that we will indemnify our directors and officers to the fullest extent not prohibited by Nevada law. Our bylaws provide that we will advance all expenses incurred to 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, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request. This advance of expenses is to be made upon receipt of an undertaking by or on behalf of such person to repay said amounts should it be ultimately determined that the person was not entitled to be indemnified under our bylaws or otherwise.

Item 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation paid or accrued by us to our chief executive officer and chief financial officer. For each of our last two completed fiscal years, no other officer's compensation exceeded $100,000 in each year.

Summary Compensation Table

Name and Principal Position	Fiscal Year Ended February, 28	Salary ($)	Bonus ($)	Stock Awards	Option Awards ($)	All Other Compensation ($)	Total ($)
Dr. Oscar L. Bronsther, CEO and Chief Medical Officer	2013	40,000	-	-	-	-	-
	2012	-	-	-	-	-	-
Warren C. Lau, CFO and President	2013	178,125	21,769	-	-	-	199,894
	2012	151,355	55,474	-	-	-	206,829
Harvey Judkowitz, CEO and CFO(1)(2)	2013	-	-	-	-	-	-
	2012	5,000	-	-	-	-	5,000

(1) Resigned as of February 27, 2012.
(2) We have accrued an annual salary of $5,000 for US GAAP reporting purposes.

Employment Agreements with Executive Officers

Employment Agreement with Dr. Oscar Bronsther

Effective as of May 27, 2013, we entered into an employment agreement with Oscar L. Bronsther, M.D., F.A.C.S., to serve as our chief executive officer and chief medical officer. The employment agreement with Dr. Bronsther provides for a base salary of $175,000 and an annual milestone bonus upon the attainment of certain financial, clinical development and/or business milestones to be established annually by our board of directors or compensation committee. The employment agreement is terminable by either party at any time. In the event of termination by us without cause or by Dr. Bronsther for good reason not in connection with a change of control, as those terms are defined in the agreement, he is entitled to six months' severance. In the event of termination by us without cause or by Dr. Bronsther for good reason in connection with a change of control, as those terms are defined in the agreement, he is entitled to twelve months' severance. The employment agreement with Dr. Bronsther is attached to this Annual Report on Form 10-K as Exhibit 10.13 and is incorporated herein by reference.

Employment Agreement with Warren Lau

Effective as of May 27, 2013, we entered into an employment agreement with Warren C. Lau to serve as our president and chief financial officer. The employment agreement with Mr. Lau provides for a base salary of $175,000 and an annual milestone bonus upon the attainment of certain financial, clinical development and/or business milestones to be established annually by our board of directors or compensation committee. The term of the agreement is for an initial period of one year, provided the parties may mutually agree to renew the agreement for an additional one year period by providing written notice to the other party no later than thirty (30) days prior to the expiration of the initial one year term. The employment agreement is terminable by either party at any time. In the event the agreement is not renewed beyond the initial one year term or is terminated by us without cause or by Mr. Lau for good reason not in connection with a change of control, as those terms are defined in the agreement, he is entitled to six months' severance. In the event of termination by us without cause or by Mr. Lau for good reason in connection with a change of control, as those terms are defined in the agreement, he is entitled to twelve months' severance. The employment agreement with Mar. Lau is attached to this Annual Report on Form 10-K as Exhibit 10.14 and is incorporated herein by reference.

Employment Agreement with Daniel H. Schneiderman

Effective as of May 27, 2013, we entered into an employment agreement with Daniel H. Schneiderman, to serve as our vice president of finance. The employment agreement with Mr. Schneiderman provides for a base salary of $125,000 and an annual milestone bonus upon the attainment of certain financial, clinical development and/or business milestones to be established annually by our board of directors or compensation committee. The employment agreement is terminable by either party at any time. In the event of termination by us without cause or by Mr. Schneiderman for good reason not in connection with a change of control, as those terms are defined in the agreement, he is entitled to six months' severance. In the event of termination by us without cause or by Mr. Schneiderman for good reason in connection with a change of control, as those terms are defined in the agreement, he is entitled to twelve months' severance. The employment agreement with Mr. Schneiderman is attached to this Annual Report on Form 10-K as Exhibit 10.15 and is incorporated herein by reference.

Director Compensation

Currently, our directors serve without compensation.

Employee Benefits Plans

Pension Benefits

We do not sponsor any qualified or non-qualified pension benefit plans.

Nonqualified Deferred Compensation

We do not maintain any non-qualified defined contribution or deferred compensation plans.

Severance Arrangements

The employment agreements with each of Dr. Oscar Bronsther, Warren C. Lau and Daniel H. Schneiderman provide that in the event of termination by us without cause or by the executives for good reason not in connection with a change of control, as those terms are defined in the agreement, such executives are entitled to six months' severance. In the event of termination by us without cause or by the executives for good reason in connection with a change of control, as those terms are defined in the agreement, such executives are entitled to twelve months' severance.

Outstanding Equity Awards At February 28, 2013

The following table summarizes the number of securities underlying outstanding plan awards for each named executive officer as of February 28, 2013.

	Option Awards					Stock Awards			
	Equity Incentive Plan Awards:					Equity Incentive Plan Awards:			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares of stock that have not vested (#)	Market value of shares of stock that have not vested ($) (1)	Number of unearned shares that have not vested (#)	Market or payout value of unearned shares that have not vested ($) (1)
Dr. Oscar L. Bronsther	165,000	-	-	$ 0.68	1/5/2022	-	-	-	-
Warren C. Lau	275,000	-	-	$ 0.68	1/5/2022	-	-	-	-
Harvey Judkowitz	-	-	-	-	-	-	-	-	-

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding beneficial ownership of our common stock as of May 28, 2013 by (i) each person (or group of affiliated persons) who is known by us to own more than five percent of the outstanding shares of our common stock, (ii) each director and executive officer, and (iii) all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. Unless otherwise noted, the address of each stockholder listed below is 8 Hillside Avenue, Suite 207, Montclair, New Jersey 07042.

We had 21,469,431 shares of common stock outstanding as of May 28, 2013.

Names and Addresses of Beneficial Owners	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Oscar Bronsther, M.D., F.A.C.S, Chief Executive Officer, Chief Medical Officer and Director (3)	749,003	3.4%
Warren C. Lau, President, Chief Financial Officer and Director (4)	1,205,000	5.5%
Daniel H. Schneiderman, Vice President of Finance and Comptroller (5)	484,500	2.2%
David M. Epstein, Ph.D., Head of Drug Development and Director (6)	100,000	*
Johan M. (Thijs) Spoor, Chairman of the Board of Directors (7)	222,003	1.0%
David N. Siegel, Director (8)	913,903	4.2%
Patrick T. Mooney, M.D., Director (9)	100,000	*
Albert Einstein College of Medicine of Yeshiva University, a Division of Yeshiva University (10)	1,150,242	5.4%
MKM Opportunity Master Fund, Ltd. (11)	2,176,000	9.8%
Matthew Balk (12)	1,981,000	9.1%
Jason Adelman (13)	1,408,003	6.5%
All Directors and Officers as a Group (7 Persons)	1,820,406	8.4%

* Less than 1%

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities anticipated to be exercisable or convertible at or within 60 days of the date hereof, are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person. The indication herein that shares are anticipated to be beneficially owned is not an admission on the part of the listed stockholder that he, she or it is or will be a direct or indirect beneficial owner of those shares.

(2) Based on 21,469,431 shares of common stock outstanding on May 28, 2013.

(3) Consists of (i) 265,000 shares of common stock underlying options, (ii) 476,668 shares of common stock held by Marsha Bronsther, Dr. Bronsther's wife and (iii) 7,335 shares of common stock underlying warrants held by Marsha Bronsther.

(4) Consists of (i) 880,000 shares of common stock, and (ii) 325,000 shares of common stock underlying options.

(5) Consists of (i) 357,500 shares of common stock, (ii) 22,000 shares of common stock underlying warrants, and (iii) 105,000 shares of common stock underlying options.

(6) Consists of (i) 100,000 shares of common stock.

(7) Consists of (i) 14,668 shares of common stock, (ii) 7,335 shares of common stock underlying warrants and (iii) 50,000 restricted shares of common stock issued pursuant to the 2012 Plan that vest and become transferable upon the listing of the common stock on a national securities exchange on or before May 21, 2022, and (iv) 150,000 restricted shares of common stock issued pursuant to the 2012 Plan that vest and become transferable upon the earlier of a change in control or upon us achieving $5,000,000 in gross sales from one or more of our products on or before April 5, 2023.

(8) Consists of (i) 727,500 shares of common stock, (ii) 54,268 shares of common stock held by the David N. Siegel Revocable Trust dated April 7, 2010, (iii) 105,000 shares of common stock underlying options and (iv) 27,135 shares of common stock underlying warrants held by the David N. Siegel Revocable Trust dated April 7, 2010.

(9) Consists of (i) 50,000 shares of common stock underlying options and (ii) 50,000 restricted shares of common stock issued pursuant to the 2012 Plan that vest and become transferable upon the listing of the common stock on a national securities exchange on or before May 21, 2022.

(10) Consists of 1,150,242 shares of common stock. J. Michael Gower, Vice President for Business Affairs and Chief Financial Officer of Yeshiva University, is the natural person who exercises voting and investment control over our securities owned by Albert Einstein College of Medicine of Yeshiva University, a Division of Yeshiva University. The address of the stockholder is c/o Office of Biotechnology, Albert Einstein College of Medicine of Yeshiva University, 1300 Morris Park Avenue, Bronx, NY 10461, Attn: Director.

(11) Consists of (i) 1,533,998 shares of common stock; and (ii) 642,002 shares underlying warrants owned by MKM Opportunity Master Fund, Ltd ("MKM Opportunity"). Does not include (i) 173,250 shares of common stock held by David and Margaret Skriloff Irrev. Des. Trust FBO Olivia Skriloff; and (ii) 173,250 shares of common stock held by David and Margaret Skriloff Irrev. Des. Trust FBO Samuel Skriloff. David Skrillof does not exercise voting and investment control over securities held by David and Margaret Skriloff Irrev. Des. Trust FBO Olivia Skriloff and David and Margaret Skriloff Irrev. Des. Trust FBO Samuel Skriloff.

MKM Capital Advisors, LLC ("MKM Capital") serves as investment manager to MKM Opportunity, and, as such, may be deemed to hold an indirect beneficial interest in the shares of Common Stock that are directly beneficially owned by MKM Opportunity. David Skriloff is the managing member of MKM Capital and the portfolio manager of MKM Opportunity, and, as such, may be deemed to hold an indirect beneficial interest in the shares of Common Stock that are directly beneficially owned by MKM Opportunity.

(12) Consists of (i) 265,000 shares of common stock underlying options, (ii) 1,573,000 shares of common stock, and (iii) 143,000 shares of common stock underlying warrants.

(13) Based on the Schedule 13G filed by Jason T. Adelman on April 20, 2012, consists of (i) 762,688 shares of common stock held as Joint Tenants with his spouse Cass G Adelman, (ii) 73,335 shares of common stock underlying warrants held as Joint Tenants with his spouse Cass G Adelman, (iii) 297,000 shares of common stock held by Cass G. Adelman Cust. Jasper G. Adelman UTMA NY and (iv) 275,000 shares of common stock held by Cass G. Adelman Cust. Philippa G. Adelman UTMA NY.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Transactions

During January and February 2012, we borrowed approximately $336,075 from Waterford Capital Acquisition Co. IX, LLC, and accounted for these as advances prior to the Share Exchange. Immediately prior to the Share Exchange, this debt was converted into 309,595 shares of our common stock.

Director Independence

Four of our directors, Johan M. (Thijs) Spoor, David N. Siegel, Dr. Patrick T. Mooney, and David M. Epstein Ph.D. have been determined to be independent as defined by NASDAQ Listing Rule 5605(a)(2) of The NASDAQ Stock Market, LLC and Section 10A(m)(3) of the Exchange Act. No transactions, relationships or arrangements were considered by the board of directors in determining that these directors were independent. All of the members of our audit committee, compensation committee and nominating and corporate governance committee are independent.

Under NASDAQ Listing Rule 5605(a)(2), an "independent director" is a "person other than an officer or employee of the company or any other individual having a relationship which, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director."

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Effective as of March 20, 2013, we formally engaged MaloneBailey LLP as our principal independent registered public accounting firm to examine our consolidated financial statements for the fiscal year ended February 28, 2013, replacing RBSM LLP.

Public Accounting Fees

MaloneBailey LLP

The following chart sets forth public accounting fees in connection with services rendered by MaloneBailey LLP during the year ended February 29, 2012 and February 28, 2013, respectively.

MaloneBailey LLP	Fiscal Year Ended February 29, 2012	Fiscal Year Ended February 28, 2013
Audit Fees	$ 30,175	$ 62,920
Audit-Related Fees	$ -	$ -
Tax Fees	$ -	$ -
All Other Fees	$ -	$ -

Audit fees were for professional services rendered by MaloneBailey LLP for the audit of our annual financial statements and the review of the financial statements included in our quarterly reports on Forms 10-Q, and services that are normally provided by MaloneBailey LLP in connection with statutory and regulatory filings or engagements for that fiscal year. MaloneBailey LLP billed for services provided in the preparation of consolidated tax returns.

RBSM LLP

The following chart sets forth public accounting fees in connection with services rendered by RBSM LLP during the years ended February 29, 2012 and February 28, 2013:

RBSM LLP	Fiscal Year Ended February 29, 2012	Fiscal Year Ended February 28, 2013
Audit Fees	$ 4,500	$ -
Audit-Related Fees	$ -	$ -
Tax Fees	$ -	$ -
All Other Fees	$ -	$ -

Audit fees were for professional services rendered by RBSM LLP for the audit of our annual financial statements and the review of the financial statements included in our quarterly reports on Forms 10-Q, and services that are normally provided by RBSM LLP in connection with statutory and regulatory filings or engagements for that fiscal year.

Pre-Approval of Services

Since our audit committee has not yet been formed, the audit committee was not able to pre-approve all of the foregoing services, although any services rendered were approved by our board of directors.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
2.1	Share Exchange Agreement dated February 27, 2012. (1)
3.1	Articles of Incorporation of MetaStat, Inc., as amended. (2)
3.2	By-laws. (2)
4.1	Form of Investor Warrant dated February 27, 2012. (2)
4.2	Form of Warrant issued to certain affiliates dated February 27, 2012. (2)
4.3	Form of Investor Warrant dated May 1, 2012. (3)
4.4	Form of Convertible Promissory Note. (4)
4.5	Form of Warrant issued to holders of convertible promissory notes. (4)
10.1	Form of Securities Purchase Agreement dated February 27, 2012. (1)
10.2	Form of Registration Rights Agreement dated February 27, 2012. (2)
10.3	License Agreement with Einstein, M.I.T., Cornell and IFO-Regina dated August 26, 2010. (1)
10.4*	Amended and Restated 2012 Omnibus Securities and Incentive Plan.
10.5	Form of Consultant Non-Qualified Stock Option Agreement. (2)
10.6	Form of Employee Non-Qualified Stock Option Agreement. (2)
10.7	Form of Securities Purchase Agreement dated May 1, 2012. (3)
10.8	Form of Registration Rights Agreement dated May 1, 2012. (3)
10.9	Sponsored Research Agreement with Albert Einstein College of Medicine of Yeshiva University and Cornell University, dated April 2011. (1)
10.10	“Second” License Agreement with Albert Einstein College of Medicine of Yeshiva University effective March 2012. (1)
10.11	“Third” License Agreement with Albert Einstein College of Medicine of Yeshiva University effective March 2012. (1)
10.12	Form of Convertible Note and Warrant Purchase Agreement. (4)
10.13*	Employment Agreement of Oscar Bronsther dated May 27, 2013.
10.14*	Employment Agreement of Warren Lau dated May 27, 2013.
10.15*	Employment Agreement of Daniel Schneiderman dated May 27, 2013.
14.1	Code of Ethics. (5)
21.1	Subsidiaries of the Registrant. (6)
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase.
101.LAB**	XBRL Taxonomy Extension Label Linkbase.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase.

* Filed herewith

** Pursuant to Rule 406T of Regulation S-T, the XBRL (Extensible Business Reporting Language) information included in Exhibit 101 hereto is deemed furnished and not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(1) Incorporated by reference to our Current Report on Form 8-K filed with the Commission on August 13, 2012.
(2) Incorporated by reference to our Current Report on Form 8-K filed with the Commission on March 21, 2012.
(3) Incorporated by reference to our Current Report on Form 8-K filed with the Commission on May 7, 2012.
(4) Incorporated by reference to our Current Report on Form 8-K filed with the Commission on March 1, 2013.
(5) Incorporated by reference to our Current Report on Form 8-K filed with the Commission on November 13, 2012.
(6) Incorporated by reference to our Annual Report on Form 10-K filed with the Commission on June 13, 2012.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

METASTAT, INC.

May 28, 2013

By: /s/ Oscar L. Bronsther
Oscar L. Bronsther M.D., F.A.C.S., Chief Executive Officer and Chief Medical Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ Oscar L. Bronsther Oscar L. Bronsther M.D., F.A.C.S.	Chief Executive Officer, Chief Medical Officer and Director (Principal Executive Officer)	May 28, 2013
/s/ Warren C. Lau Warren C. Lau	President, Chief Financial Officer and Director (Principal Accounting Officer)	May 28, 2013
/s/ Johan M. "Thijs" Spoor Johan M. "Thijs" Spoor	Chairman of the Board of Directors	May 28, 2013
/s/ David N. Siegel David N. Siegel	Director	May 28, 2013
/s/ Patrick T. Mooney Patrick T. Mooney	Director	May 28, 2013
/s/ David M. Epstein David M. Epstein, Ph.D.	Director	May 28, 2013

Exhibit Index

Exhibit No.	Description
2.1	Share Exchange Agreement dated February 27, 2012. (1)
3.1	Articles of Incorporation of MetaStat, Inc., as amended. (2)
3.2	By-laws. (2)
4.1	Form of Investor Warrant dated February 27, 2012. (2)
4.2	Form of Warrant issued to certain affiliates dated February 27, 2012. (2)
4.3	Form of Investor Warrant dated May 1, 2012. (3)
4.4	Form of Convertible Promissory Note. (4)
4.5	Form of Warrant issued to holders of convertible promissory notes. (4)
10.1	Form of Securities Purchase Agreement dated February 27, 2012. (1)
10.2	Form of Registration Rights Agreement dated February 27, 2012. (2)
10.3	License Agreement with Einstein, M.I.T., Cornell and IFO-Regina dated August 26, 2010. (1)
10.4*	Amended and Restated 2012 Omnibus Securities and Incentive Plan.
10.5	Form of Consultant Non-Qualified Stock Option Agreement. (2)
10.6	Form of Employee Non-Qualified Stock Option Agreement. (2)
10.7	Form of Securities Purchase Agreement dated May 1, 2012. (3)
10.8	Form of Registration Rights Agreement dated May 1, 2012. (3)
10.9	Sponsored Research Agreement with Albert Einstein College of Medicine of Yeshiva University and Cornell University, dated April 2011. (1)
10.10	“Second” License Agreement with Albert Einstein College of Medicine of Yeshiva University effective March 2012. (1)
10.11	“Third” License Agreement with Albert Einstein College of Medicine of Yeshiva University effective March 2012. (1)
10.12	Form of Convertible Note and Warrant Purchase Agreement. (4)
10.13*	Employment Agreement of Oscar Bronsther dated May 27, 2013.
10.14*	Employment Agreement of Warren Lau dated May 27, 2013.
10.15*	Employment Agreement of Daniel Schneiderman dated May 27, 2013.
14.1	Code of Ethics. (5)
21.1	Subsidiaries of the Registrant. (6)
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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(1) Incorporated by reference to our Current Report on Form 8-K filed with the Commission on August 13, 2012.
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METASTAT, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Metastat, Inc.
(a development stage company)
Montclair, New Jersey

We have audited the accompanying consolidated balance sheets of Metastat, Inc. (a development stage company) (the "Company") as of February 28, 2013 and February 29, 2012, and the related consolidated statements of expenses, stockholders' equity and cash flows for each of the years then ended and the period from July 22, 2009 (inception) through February 28, 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an 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 audits 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 audits 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 the Company as of February 28, 2013 and February 29, 2012, and the results of its operations and its cash flows for each of the years the ended and the period from July 22, 2009 (inception) through February 28, 2013, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred losses from operation since inception. This factor raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to this mater are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ MaloneBailey, LLP
www.malonebailey.com
Houston, Texas

May 28, 2013

METASTAT INC.
(A Development Stage Company)
Balance Sheets

	February 28 2013	February 29 2012
ASSETS		
CURRENT ASSETS		
Cash	$ 969,188	$ 878,340
Subscription receivable	-	865,000
Total Current Assets	969,188	1,743,340
PROPERTY AND EQUIPMENT		
EQUIPMENT (net of accumulated depreciation of $12,396 and $1,271, respectively)	53,326	19,208
TOTAL ASSETS	$ 1,022,514	$ 1,762,548
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	$ 168,005	$ 291,859
Convertible debentures - net of discount of $71,543	716,957	-
Accrued interest payable	1,940	-
TOTAL LIABILITIES	886,902	291,859
STOCKHOLDERS' EQUITY		
Preferred stock (50,000,000 shares authorized; none shares issued and outstanding respectively)	-	-
Common stock (Common Stock, $0.0001 par value; 150,000,000 shares authorized; 20,954,418 and 20,074,422 shares issued and outstanding respectively)	2,106	2,008
Paid-in-capital	5,495,985	4,310,581
Accumulated deficit as a development stage company	(5,362,479)	(2,841,900)
Total Equity	135,612	1,470,689
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,022,514	$ 1,762,548

The accompanying notes are an integral part of these financial statements

METASTAT INC.
(A Development Stage Company)
Statement of Expenses

	Year ended February 28, 2013	Year ended February 29, 2012	Period from Inception (July 22, 2009) to November 30, 2012
Revenue			
Interest income	596	-	618
Total Revenue	596	-	618
OPERATING EXPENSES			
General & administrative	$ 1,757,793	$ 737,113	$ 2,665,184
Research & development	516,798	854,550	1,541,203
Depreciation	11,125	943	12,396
Warrant Expense	230,189	149,999	380,188
Accretion of debt discount	1,500	-	1,500
Stock-based compensation	5,270	684,049	764,104
Total Operating Expenses	2,521,175	2,426,654	5,363,075
NET LOSS	$ (2,520,579)	$ (2,426,654)	$ (5,362,457)
Net loss per share, basic and diluted	(0.12)	(0.15)	
Weighted average of shares outstanding	20,882,199	16,190,838	

The accompanying notes are an integral part of these financial statements

METASTAT INC.
(A Development Stage Company)
Statement of Stockholders' Equity
From inception July 22, 2009 through February 28, 2013

	Common Stock		Paid-in	Accumulated	Total
	Shares	Amount	Capital	Deficit	Equity
Balance at inception July 22, 2009	-	$ -	$ -	$ -	$ -
Issue common stock to founders for cash at $.0001 per share	1,100,000	110	(100)	-	10
Sale of common stock for cash at $.0018 per share	660,000	66	1,134	-	1,200
Sale of common stock for cash at $.023 per share	3,410,000	341	77,159	-	77,500
Net loss for the period ended February 28, 2010	-	-		(52,071)	(52,071)
Balance at February 28, 2010	5,170,000	517	78,193	(52,071)	26,639
Issue common stock for services at $0.023 per share	3,290,570	329	74,457		74,786
Sale common stock for cash at $.023 per share	6,055,500*	606	137,169		137,775
Sale of common stock for cash at $.45 per share	515,900	52	232,073		232,125
Sale of common stock for cash at $.68 per share	212,668	21	144,979		145,000
Net loss for the year ended February 28, 2011				(363,175)	(363,175)
Balance at February 28, 2011	15,244,638	$ 1,525	$ 666,871	$ (415,246)	$ 253,150
Sale of common stock for cash at $.023 per share	80,069	8	1,563		1,571
Sale of common stock for cash at $.45 per share	103,004	10	47,060		47,070
Sale of common stock for cash at $.68 per share	2,781,539	278	1,896,226		1,896,504
Subscription receivable	865,000	87	864,913		865,000
Warrents expense	0	0	149,999		149,999
Stock option expense	0	0	611,250		611,250
Issued common stock for services at $0.45 per share	160,158	16	72,783		72,799
Recapitalization of PVSO shareholders	840,000	84	-84		-
Rounding	10				-
Net loss for the year ended February 29, 2012				(2,426,654)	(2,426,654)
Balance at February 29, 2012	20,074,418	$ 2,008	$ 4,310,581	$ (2,841,900)	$ 1,470,689
Sale of common stock for cash at $1.00 per share	880,000	88	879,912		880,000
Shares issued for service	100,000	10	5,260	-	5,270
Warrants issued	-	-	228,689		228,689
Debt discount			71,543		71,543
Net loss for the year ended February 28, 2013	-	-	-	(2,520,579)	(2,520,579)
	21,054,418	$ 2,106	$ 5,495,985	$ (5,362,479)	$ 135,612

The accompanying notes are an integral part of these financial statements

METASTAT INC.
(A Development Stage Company)
Statement of Cash Flows

	Year ended February 28, 2013	Year ended February 29, 2012	Period from Inception (July 22, 2009) to February 28, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (2,520,579)	$ (2,426,654)	$ (5,362,479)
Adjustments to reconcile net loss to net cash used by operating activities			
Shares issued for services	5,270	684,049	764,105
Depreciation	11,125	943	12,396
Warrant Expense	228,689	149,999	378,688
Accretion of debt discount	1,500	-	1,500
Changes in assets and liabilities			
Accounts receivable	-	39,267	-
Accounts payable	(123,854)	260,535	168,005
Interest payable	1,940	-	1,940
NET CASH USED IN OPERATING ACTIVITIES	(2,395,909)	(1,291,861)	(4,035,845)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	(45,243)	(17,200)	(65,722)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings on convertible debentures	787,000		787,000
Proceeds from sale of common stock	880,000	1,945,145	3,418,755
Proceeds from subscriptions	865,000	-	865,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,532,000	1,945,145	5,070,755
NET INCREASE (DECREASE) IN CASH	90,848	636,084	969,188
Cash at the beginning of the year	878,340	242,256	-
Cash at the end of the year	$ 969,188	$ 878,340	$ 969,188
SUPPLEMENTAL DISCLOSURES:			
Interest Paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
NON-CASH TRANSACTIONS			
Subscription receivable	$ -	$ 865,000	$ -
Recapitalization of PVSP shareholders	$ -	$ 8	$ 8
Discount for warrants issued with debt	$ 71,543	$ -	$ 71,543

The accompanying notes are an integral part of these financial statements

METASTAT INC.
(A Development Stage Company)
Notes to Financial Statements
February 28, 2013 and February 29, 2012

NOTE 1 - Nature of Operations and Going Concern

MetaStat, Inc., ("we," "us," "our," the "Company," or "MetaStat") formerly known as Photovoltaic Solar Cells Inc. ("PVSO") was incorporated on March 28, 2007 under the laws of the State of Nevada. From inception until November of 2008, PVSO's business plan was to produce and market inexpensive solar cells and in November 2008, our board of directors determined that the implementation of our business plan was no longer financially feasible. At such time, we discontinued the implementation of our prior business plan and pursued an acquisition strategy, whereby we sought to acquire a business. Based on these business activities, until February 27, 2012, we were considered a development stage company and a "blank check" company, with no or nominal assets (other than cash) and no or nominal operations.

MetaStat BioMedical, Inc. ("MBM") formerly known as MetaStat, Inc., our Delaware operating subsidiary was incorporated in the state of Texas on July 22, 2009, re-incorporated in the State of Delaware on August 26, 2010, and since inception has been a Development Stage Enterprise as defined by the ASC 915-15. During this time MBM has devoted substantially all of its efforts to activities such as acquiring biomedical technology licenses, funding research and development, engaging in organizational activities, and raising capital. MBM was formed to allow cancer patients to benefit from the latest discoveries in how cancer spreads to other organs in the body.

On February 27, 2012, we consummated a share exchange transaction as more fully described below, whereby we acquired all the outstanding shares of MBM and, MBM became our wholly owned subsidiary. From and after the share exchange, our business has been conducted through our wholly owned subsidiary, MBM, and the discussion of our business is that of our current business which is conducted through MBM.

Prior to April 9, 2012, our company name was Photovoltaic Solar Cells, Inc. For the sole purpose of changing our name, on April 9, 2012, we merged with a newly-formed, wholly owned subsidiary incorporated under the laws of Nevada called MetaStat, Inc. As a result of the merger, our corporate name was changed to MetaStat, Inc. In May 2012 we changed the name of our Delaware operating subsidiary to MetaStat BioMedical, Inc. from MetaStat, Inc.

The Company's mission is to become an industry leader in the emerging field of personalized cancer therapy. The Company's first product, projected to be commercially available as early as 2014, will be the first test that can advise a woman and her doctor the probability that her breast cancer will spread to other organs in her body. This distant spread, called systemic metastasis, is responsible for almost 90% of the fatalities in breast cancer. The Company has similar diagnostics in development for lung and prostate cancer. In addition, the Company is in discussions with potential development partners for the first therapeutic agent that can preemptively arrest the systemic spread of cancer.

Share Exchange Agreement

On February 27, 2012 (the "Closing Date"), we entered into a Share Exchange Agreement (the "Exchange Agreement") by and among us, MBM, the holders of all outstanding shares of MBM (the "MBM Shareholders") and Waterford Capital Acquisition Co IX, LLC, our principal shareholder (the "Company Principal Shareholder"), whereby we acquired all of the outstanding shares of MBM (the "MBM Shares") from the MBM Shareholders. In exchange, we issued to the MBM Shareholders an aggregate of 18,369,421 shares of our common stock (the "Exchange Shares"), equal to 95.6% of our outstanding shares of common stock after such issuance. As a result of the transactions contemplated by the Exchange Agreement (collectively, the "Share Exchange"), MBM became our wholly owned subsidiary. Pursuant to the Exchange Agreement, we assumed warrants to purchase up to 780,511 shares of MBM's common stock, with exercise prices ranging between $1.50 and $2.00 per share on a 2.2-for-1 basis, equivalent to 1,717,122 shares of our common stock with exercise prices ranging from $0.68 to $0.91 per share. Immediately prior to the Share Exchange, we converted approximately $336,075 of debt owed to the Company Principal Shareholder into 309,595 shares of our common stock (the "Debt Conversion") and issued an aggregate of 36,000 shares of our common stock to certain of our officers, directors and consultants in consideration for services rendered to us, leaving 840,000 shares of our common stock outstanding immediately prior to the issuance of the Exchange Shares and showing on our Statement of Stockholders' Equity as 840,000 shares as 'recapitalization of PVSO shareholders'. Additionally, immediately prior to the Share Exchange, we issued five-year

warrants to purchase up to an aggregate of 350,000 shares of our common stock at an exercise price of $1.40 per share, of which warrants to purchase 337,500 shares were issued for a purchase price of $21,000 and warrants to purchase 12,500 shares were issued for services rendered to us prior to the Share Exchange (the "Warrant Financing"). We used the proceeds of the Warrant Financing to pay off all of our liabilities prior to the Share Exchange.

On the Closing Date, we assumed MBM's 2012 Omnibus Securities and Incentive Plan (the "2012 Plan") and reserved 1,116,789 shares of our common stock for the benefit of our employees, nonemployee directors and consultants. All 507,500 options outstanding under the 2012 Plan were converted, on a 2.2-for-1 basis, into the right to receive options to purchase up to 1,116,500 shares of our common stock with an exercise price of $0.68 per share. On May 21, 2012, we increased the number of authorized and unissued shares of common stock reserved for issuance pursuant to the 2012 Plan to 3,316,789.

Going Concern

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of February 28, 2013, the Company has an accumulated deficit of $5,362,479. The continuation of the Company as a going concern is dependent upon continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of MetaStat, Inc. and its wholly-owned subsidiary, MetasStat BioMedical, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash and cash equivalents.

Property and Equipment

Property and equipment is stated at cost. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. Expenditures for major renewals or betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Property and equipment are evaluated for impairment whenever events or conditions indicate that the carrying value of an asset may not be recoverable. If the sum of the expected undiscounted cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets.

METASTAT INC.
(A Development Stage Company)
Notes to Financial Statements
February 28, 2013 and February 29, 2012

Development Stage

The Company complies with Statement of Financial Accounting Standard ASC 915-15 and the Securities and Exchange Commission Exchange Act 7 for its characterization of the Company as development stage.

Net Loss Per Share

Net income loss per common share is computed based on the weighted average number of common shares outstanding and common stock equivalents, if not anti-dilutive. The Company has not issued any potentially dilutive common shares.

Basic loss per share is calculated using the weighted average number of common shares outstanding and the treasury stock method is used to calculate diluted earnings per share. For the years presented, this calculation proved to be anti-dilutive.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. These assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse.

We have net operating loss carryforwards available to reduce future taxable income. Future tax benefits for these net operating loss carryforwards are recognized to the extent that realization of these benefits is considered more likely than not. To the extent that we will not realize a future tax benefit, a valuation allowance is established.

Research and Development Costs

Research and development costs are charged to operations when incurred and are included in operating expenses. Research and development costs were $516,798 and $854,550 for the years ended February 28, 2013, and February 29, 2012, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Stock-Based Compensation

We account for stock based compensation in accordance with ASC 718 which requires companies to measure the cost of employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. For stock-based awards granted on or after January 1, 2006, stock-based compensation expense is recognized on a straight-line basis over the requisite service period.

Recently Issued Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

METASTAT INC.
(A Development Stage Company)
Notes to Financial Statements
February 28, 2013 and February 29, 2012

NOTE 3 – LICENSE AGREEMENT AND COMMITMENTS

License Agreement

The Company entered in to a Patent and Technology License Agreement (the "License Agreement") with the Albert Einstein College of Medicine of Yeshiva University, Massachusetts Institute of Technology, Cornell University, and the IFO-Regina Elena Cancer Institute (together the "Licensors") during August 2010. In conjunction with entering into the License Agreement, the Company also entered into a Stock Subscription Agreement (the "Subscription Agreement") and a Stockholders Agreement (the "Stockholders Agreement") with the Licensors, which included provisions such as participation rights in future financings, co-sale rights, and certain limited anti-dilution rights. The License Agreement grants the Company a world-wide exclusive license to materials and methods for use in the diagnosis and treatment of metastatic spread of solid tumor cancers. In return, the Company has agreed to grant Company equity to the Licensors, to reimburse the Licensors patent expenses thus far incurred, to pay all future patent expenses, pay a royalty on any sales of product using licensed technology, as well as certain minimum royalties and milestone payments.

Pursuant to the License Agreement, we are also obligated to make the following royalties and payments to the Licensors:

- Royalty payment of a specified percentage of net sales.
- Royalty payment of minimum of a specified percentage of net sales in case MetaStat pays royalties to unaffiliated third parties for patent rights.
- Issue 30% of MBM's outstanding common stock to the Licensors calculated on a fully diluted, as converted basis. Accordingly, on August 26, 2010 MBM issued 3,290,570 common shares valued at $74,786.
- Non-refundable license fee of $25,000 upon execution of License Agreement.
- License maintenance fee of $30,000 on each of the first, second, third and fourth anniversary of the License Agreement. The payment may be credited against royalties made during the twelve month period.
- License maintenance fee of $50,000, and $75,000 on the fifth and sixth anniversaries of the License Agreement, respectively. Each payment may be credited against royalties made during each such twelve month period.
- License maintenance fee of $100,000 on the seventh and each subsequent anniversary of the License Agreement. Each payment may be credited against royalties made during each such twelve month period.

Anti-dilution Rights for Common Stock

Pursuant to the Subscription Agreement, the Company is obligated, for no additional consideration, to issue additional shares of common stock to the Licensors to ensure that (i) Albert Einstein College of Medicine's and MIT's ownership in MetaStat does not fall below 5% of our outstanding common stock (ii) IFO's ownership in MetaStat does not fall below 3.33% of our outstanding common stock, and (iii) Cornell's ownership in MetaStat does not fall below 1.67% of our outstanding common stock until certain funding thresholds are reached by the Company. The Licensors were not required to pay additional consideration for these shares. We recorded the fair value of the additional shares of common stock issued under this provision as a consulting expense in the period they were earned. MBM issued 160,158 shares as a result of this antidilution right (see Note 5). The Company has met the funding target mentioned above and the anti-dilution rights under the Subscription Agreement have terminated.

As of February 27, 2012, the Subscription Agreement and the Stockholders Agreement have been terminated.

METASTAT INC.
(A Development Stage Company)
Notes to Financial Statements
February 28, 2013 and February 29, 2012

Second License Agreement and Third License Agreement

Additionally, effective in March 2012, we entered into two additional license agreements with Einstein. The second license agreement with Einstein (the "Second License Agreement") and the third license agreement with Einstein (the "Third License Agreement") both cover pending patent applications, patent disclosures, cell lines and technology surrounding discoveries in the understanding of the underlying mechanisms of systemic metastasis in solid epithelial cancers. The Second License Agreement and the Third License Agreement both require certain customary payments such as a license signing fee, reimbursement of patent expenses, annual license maintenance fees, milestone payments, and the payment of royalties on sales of products or services covered under such agreements.

Pursuant to the Second License Agreement, we are also obligated to make the following royalties and payments to the Einstein:

- Royalty payment of a specified percentage of net sales.
- Royalty payment of minimum of a specified percentage of net sales in case MetaStat pays royalties to unaffiliated third parties for patent rights.
- Non-refundable license fee of $15,000 upon execution of Second License Agreement.
- License maintenance fee of $12,000 on each of the first and second anniversary of the Second License Agreement. The payment may be credited against royalties made during the twelve month period.
- License maintenance fee of $30,000, on each of the third, and forth anniversary of the Second License Agreement and $50,000 on the fifth anniversary of the Second License Agreement and $75,000 on the sixth anniversary of the Second License Agreement, respectively. Each payment may be credited against royalties made during each such twelve month period.
- License maintenance fee of $100,000 on the seventh and each subsequent anniversary of the Second License Agreement. Each payment may be credited against royalties made during each such twelve month period.

Pursuant to the Third License Agreement, we are also obligated to make the following royalties and payments to the Einstein:

- Royalty payment of a specified percentage of net sales.
- Royalty payment of minimum of a specified percentage of net sales in case MetaStat pays royalties to unaffiliated third parties for patent rights.
- Non-refundable license fee of $15,000 upon execution of Third License Agreement.
- License maintenance fee of $12,000 on each of the first and second anniversary of the Third License Agreement. The payment may be credited against royalties made during the twelve month period.
- License maintenance fee of $30,000, on each of the third, and forth anniversary of the Third License Agreement and $50,000 on the fifth anniversary of the Third License Agreement and $75,000 on the sixth anniversary of the Third License Agreement, respectively. Each payment may be credited against royalties made during each such twelve month period.
- License maintenance fee of $100,000 on the seventh and each subsequent anniversary of the Third License Agreement. Each payment may be credited against royalties made during each such twelve month period.

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Sponsored Research Agreement

On April 14, 2011 the Company entered into a Sponsored Research Agreement with Albert Einstein College of Medicine of Yeshiva University (AECOM) and Cornell University for and on behalf of its Joan and Sanford I. Weill Medical College (Cornell) for a 500 patient Large Population Validation study of its MetaSite *Breast*™. The purposes of the Large Population Validation study are to (i) study the association between TMEM or MetaSite count at initial diagnosis of invasive ductal carcinoma of the breast and risk of systemic metastasis, and (ii) identify a cut-point for TMEM or MetaSite count that differentiates best between those who develop systemic metastasis and those who do not, and to calculate the sensitivity and specificity of these cut-points. In consideration for the study, we were required to pay $202,798 to Cornell and $514,756 to Einstein for an aggregate amount of $717,554. On September 12, 2012, we entered into a formal amendment to the Sponsored Research Agreement to expand the scope of the research to include a comparison of TMEM or MetaSite count with the IHFC4 score. The consideration for the study was amended to 169,513.76 to Cornell and $595,928.86 to Einstein in the aggregate. The Large Population Validation study was completed in January 2013 and all outstanding payments have been satisfied and connection with the Sponsored Research Agreement, as amended.

Note 4 – INCOME TAXES

MetaStat uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During the fiscal years ended February 29, 2012, and February 28, 2013, MetaStat incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately $4,171,701 at February 28, 2013, and will expire in the years 2029, 2030 and 2031.

As at February 28, 2013, and February 29, 2012, deferred tax assets consisted of the following:

	2013	2012
Net operating loss carryforwards	$ 4,219,686	$ 1,933,066
Deferred tax asset	$ 1,476,890	$ 676,573
Less: Valuation allowance	(1,476,890)	(676,573)
Net deferred tax asset	$ -	$ -

NOTE 5 – EQUITY

As referenced in Note 3, the MBM issued 3,290,570 shares of common stock for the partial compensation due to the Licensors pursuant to the License Agreement. The Company accounted for this as a research and development expense valued at $74,786. During February 2012, MBM issued an aggregate of 160,158 shares of common stock to the Licensors in connection with the anti-dilution rights to maintain a certain ownership percentage in the Company. The shares were valued at $72,799.

During the year ended February 29, 2012, MBM sold 2,989,043 shares of common stock for total proceeds of $1,943,324.

On February 27, 2012, we entered into the Exchange Agreement with MBM by issuing 18,369,421 shares of our common stock in exchange for the MBM Shares. Immediately prior to the Share Exchange, we had 840,000 shares outstanding which have been recorded as recapitalization of shareholders on MetaStat's books at par.

During the year ended February 29, 2012, we sold 865,000 shares of common stock for proceeds of $865,000, however, $865,000 was received subsequent to February 29, 2012 and we disclosed the balance as a subscription receivable on our balance sheet as of February 29, 2012.

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During the year ended February 28, 2013, the Company sold 880,000 shares of common stock for total proceeds of $880,000. Additionally, the Company issued 100,000 shares of restricted common stock to members of the board of directors for services for total expense of $5,270.

NOTE 6 – STOCK OPTIONS

During January 2012, the Company issued options to purchase 1,116,500 shares of common stock at $0.68 per share to its President, members of its scientific advisory board and clinical advisory board, and several consultants involved in the Company's ongoing research related to cancer. All of the options except 220,000 vest immediately and expire on January 6, 2022. These options have a fair value of $611,250, as calculated using the Black-Scholes model. Assumption used in the Black-Scholes model included: (1) a discount rate of 1.98%; (2) an expected term of 10 years; (3) an expected volatility of 403%; and (4) zero expected dividends.

The following table summarizes common stock options issued and outstanding:

	Options	Weighted average exercise price	Aggregate intrinsic value	Weighted average remaining contractual life (years)
Outstanding at February 29, 2012	1,116,500	$ 0.68	$ 2,052,976	9.86
Granted				
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at February 28, 2013	1,116,500	$ 0.68	$ 2,526,500	8.86

As of February 28, 2013, 1,116,500 options are exercisable at $0.68 per share with a weighted average life of 8.86 years.

NOTE 7 – WARRANTS

On November 14, 2011, MBM entered into consulting agreement with Burnham Hill Advisors LLC and warrants were issued to purchase 220,000 shares of common stock at $0.68 per share. The fair value of these warrants was determined to be $149,999, as calculated using the Black-Scholes model. Assumption used in the Black-Scholes model included: (1) a discount rate of 0.91%; (2) an expected term of 5 years; (3) an expected volatility of 403%; and (4) zero expected dividends.

On January 31, 2012, MBM granted 1,497,122 warrants together with shares of common stock issued on January 31, 2012 exercisable at $0.91 per share and expiring on January 31, 2017. On February 27, 2012, the Company also granted 216,250 warrants together with shares of common stock exercisable at $1.40 per share and expiring on February 27, 2016.

Immediately prior to the Share Exchange, PVSO issued 350,000 warrants exercisable at $1.40 per share.

On October 4, 2012 we issued 150,000 warrants to a consultant exercisable at $1.50 per share. The fair value of these warrants was determined to be $149,995, as calculated using the Black-Scholes model. Assumption used in the Black-Scholes model included: (1) a discount rate of 0.63%; (2) an expected term of 4 years; (3) an expected volatility of 420%; and (4) zero expected dividends.

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During the year ended February 28, 2013, we issued 220,000 warrants together with shares of common stock issued on May 1, 2012 exercisable at $1.40 per share and expiring on May 1, 2016. These warrants vest immediately.

During the year ended February 28, 2013, we issued 78,700 warrants together with convertible notes exercisable at $3.00 expiring between January and February 2017. The fair value of these warrants was determined to be $78,694, as calculated using the Black-Scholes model. Assumption used in the Black-Scholes model included: (1) a discount rate of 0.82%; (2) an expected term of 4 years; (3) an average expected volatility of 410%; and (4) zero expected dividends.

The following table summarizes common stock warrants issued and outstanding:

	Warrants	Weighted average exercise price	Aggregate intrinsic value	Weighted average remaining contractual life (years)
Outstanding at February 28, 2011	-	$ -	$ -	-
Granted by MetaStat	1,933,372	0.94	4,953,038	3.80
Granted by PVSO	350,000	1.40	735,000	4.00
Outstanding at February 29, 2012	2,283,372	$ 1.01	$ 5,688,038	3.83
Granted by MetaStat	448,700	1.71	826,850	3.46
Outstanding at February 28, 2013	2,732,072	$ 1.13	$ 6,514,888	3.77

Warrants exercisable at February 28, 2013 are:

Exercise prices	Number of shares	Weighted average remaining life (years)	Exercisable number of shares
$ 0.68	220,000	3.71	220,000
$ 0.91	1,497,122	3.93	1,497,122
$ 1.40	786,250	3.49	216,250
$ 1.50	150,000	3.60	150,000
$ 3.00	78,700	3.97	78,700

NOTE 8 – CONVERTIBLE NOTES

Convertible promissory notes (the "Notes") were issued during January and February 2013 with warrants in the principal amount of $787,000. Warrants are valued as a discount to convertible debt of $71,543 and can be converted into common stock within a four year period. The Notes bear interest at the rate of 8% per annum, mature on December 31, 2013 and rank senior to the Company's currently issued and outstanding indebtedness and equity securities. Upon the closing by MetaStat of an equity or equity based financing or a series of equity or equity based financings (a "Qualified Financing") resulting in gross proceeds to the Company of at least $3,500,000 in the aggregate, the outstanding principal amount of the Notes together with all accrued and unpaid interest thereunder (the "Outstanding Balance") shall automatically convert into such securities, including warrants, as are issued in the Qualified Financing, the amount of which shall be determined in accordance with the following formula: (the Outstanding Balance as of the closing of the Qualified Financing) x (1.15) / (the per security price of the securities sold in the Qualified Financing). Commencing six months following the issuance date of the Notes, the Noteholders shall have the right, at their option, to convert the Outstanding Balance into shares of Common Stock at a conversion price of $2.50 per share.

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NOTE 9 – SUBSEQUENT EVENTS

Convertible Notes

Between February 28, 2013 and May 28, 2013, we entered into separate convertible note and warrant purchase agreements with certain institutional and accredited investors for the issuance and sale in a private placement consisting of, in the aggregate: (a) $700,000 principal amount of Notes convertible into shares of our Common Stock, and (b) four-year warrants to purchase up to 70,000 shares of Common Stock at an exercise price of $3.00 per share, for aggregate gross proceeds of $700,000. Warrants are valued at $70,000 and can be converted into common stock within a four year period.

The Notes bear interest at the rate of 8% per annum, mature on December 31, 2013 and rank senior to the Company's currently issued and outstanding indebtedness and equity securities. Upon the closing by MetaStat of an equity or equity based financing or a series of equity or equity based financings (a "Qualified Financing") resulting in gross proceeds to the Company of at least $3,500,000 in the aggregate, the outstanding principal amount of the Notes together with all accrued and unpaid interest thereunder (the "Outstanding Balance") shall automatically convert into such securities, including warrants, as are issued in the Qualified Financing, the amount of which shall be determined in accordance with the following formula: (the Outstanding Balance as of the closing of the Qualified Financing) x (1.15) / (the per security price of the securities sold in the Qualified Financing). Commencing six months following the issuance date of the Notes, the Noteholders shall have the right, at their option, to convert the Outstanding Balance into shares of Common Stock at a conversion price of $2.50 per share.

From July 22, 2009 (inception) to May 28, 2013, we issued in the aggregate (a) $1,487,000 principal amount of Notes convertible into shares of our Common Stock, and (b) four-year warrants to purchase up to 148,700 shares of Common Stock at an exercise price of $3.00 per share, for aggregate gross proceeds of $1,487,000. Additionally, we paid Noble a cash fee of $12,496 and issued 6,248 five-year placement agent warrants exercisable for shares of Common Stock with an exercise price per share of $2.50. The Company paid to Rockwell a cash fee of $4,464 and issued 2,232 five-year placement agent warrants exercisable for shares of Common Stock with an exercise price per share of $2.50.

April 2013 Issuances

On April 5, 2013, we issued the following securities pursuant to our Amended and Restated 2012 Omnibus Securities and Incentive Plan: (1) an aggregate of 300,000 options to purchase shares of our common stock to our executive officers and directors and 150,000 shares of restricted stock to one of our directors; (2) an aggregate of 423,500 options to purchase shares of our common stock and an aggregate of 153,013 shares of restricted stock to members of our Scientific Advisory Board and Clinical Advisory Board; and (3) 100,000 options to purchase shares of our common stock to an advisor. The stock options provide for an exercise price per share of $3.25.

The stock options issued to our executive officers and directors vest in four equal installments on each of May 31, 2013, August 31, 2013, November 30, 2013 and February 28, 2014. The restricted stock issued to one of our directors vests upon the earlier of a change in control or upon us achieving $5,000,000 in gross sales from one or more of our products.

Of the 423,500 stock options issued to members of our Scientific Advisory Board and Clinical Advisory Board, 181,500 of such stock options are immediately vested and 242,000 of such stock options vest in four equal installments on each of May 31, 2013, August 31, 2013, November 30, 2013 and February 28, 2014. The restricted stock issued to members of our Scientific Advisory Board and Clinical Advisory Board vests upon (1) the listing of our shares of common stock on a national securities exchange and (2) the shares trade on a national securities exchange with a daily trading volume of at least 50,000 shares per day for 30 consecutive trading days.

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The issuances of the securities referred to above were deemed to be exempt from registration under the Securities Act of 1933, as amended, in reliance on Rule 701 in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of such securities were our employees, directors or bona fide consultants or advisors and received the securities under our Amended and Restated 2012 Omnibus Securities and Incentive Plan. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

Appointment of David M. Epstein, Ph.D.

On April 12, 2013, we entered into an advisory agreement (the "Epstein Agreement") with David Epstein, Ph.D. to serve as the Company's Head of Drug Development / Director until terminated in accordance with the terms of the Epstein Agreement. Effective on April 16, 2013 Dr. Epstein was appointed as a director of the Company. Dr. Epstein shall devote up to 30 hours per month, or 360 hours per year, of business time to the performance of his duties under the Epstein Agreement. In exchange for such services, the Company has agreed to pay to Dr. Epstein fees of $250.00 per hour and issue to him 100,000 restricted shares of the Company's common stock. As such, we issued Dr. Epstein 100,000 shares in April 2013. In addition, upon the achievement of each of the three milestones set forth in the Epstein Agreement, the Company shall issue an additional 200,000 restricted shares of common stock to Dr. Epstein, subject to his continued service with the Company.

Consulting Agreement

On April 18, 2013, we entered into an agreement with a consultant whereby we issued 12,000 shares of our common stock as partial consideration.

Employment Agreements with Executive Officers

Employment Agreement with Dr. Oscar Bronsther

Effective as of May 27, 2013, we entered into an employment agreement with Oscar L. Bronsther, M.D., F.A.C.S., to serve as our chief executive officer and chief medical officer. The employment agreement with Dr. Bronsther provides for a base salary of $175,000 and an annual milestone bonus upon the attainment of certain financial, clinical development and/or business milestones to be established annually by our board of directors or compensation committee. The employment agreement is terminable by either party at any time. In the event of termination by us without cause or by Dr. Bronsther for good reason not in connection with a change of control, as those terms are defined in the agreement, he is entitled to six months' severance. In the event of termination by us without cause or by Dr. Bronsther for good reason in connection with a change of control, as those terms are defined in the agreement, he is entitled to twelve months' severance. The employment agreement with Dr. Bronsther is attached to this Annual Report on Form 10-K as Exhibit 10.13 and is incorporated herein by reference.

Employment Agreement with Warren Lau

Effective as of May 27, 2013, we entered into an employment agreement with Warren C. Lau to serve as our president and chief financial officer. The employment agreement with Mr. Lau provides for a base salary of $175,000 and an annual milestone bonus upon the attainment of certain financial, clinical development and/or business milestones to be established annually by our board of directors or compensation committee. The term of the agreement is for an initial period of one year, provided the parties may mutually agree to renew the agreement for an additional one year period by providing written notice to the other party no later than thirty (30) days prior to the expiration of the initial one year term. The employment agreement is terminable by either party at any time. In the event the agreement is not renewed beyond the initial one year term or is terminated by us without cause or by Mr. Lau for good reason not in connection with a change of control, as those terms are defined in the agreement, he is entitled to six months' severance. In the event of termination by us without cause or by Mr. Lau for good reason in connection with a change of control, as those terms are defined in the agreement, he is entitled to twelve months' severance. The employment agreement with Mar. Lau is attached to this Annual Report on Form 10-K as Exhibit 10.14 and is incorporated herein by reference.

Employment Agreement with Daniel H. Schneiderman

Effective as of May 27, 2013, we entered into an employment agreement with Daniel H. Schneiderman, to serve as our vice president of finance. The employment agreement with Mr. Schneiderman provides for a base salary of $125,000 and an annual milestone bonus upon the attainment of certain financial, clinical development and/or business milestones to be established annually by our board of directors or compensation committee. The employment agreement is terminable by either party at any time. In the event of termination by us without cause or by Mr. Schneiderman for good reason not in connection with a change of control, as those terms are defined in the agreement, he is entitled to six months' severance. In the event of termination by us without cause or by Mr. Schneiderman for good reason in connection with a change of control, as those terms are defined in the agreement, he is entitled to twelve months' severance. The employment agreement

with Mr. Schneiderman is attached to this Annual Report on Form 10-K as Exhibit 10.15 and is incorporated herein by reference.

Exhibit 10.4

METASTAT, INC.

AMENDED AND RESTATED

2012 OMNIBUS SECURITIES AND INCENTIVE PLAN

METASTAT, INC.
AMENDED AND RESTATED
2012 OMNIBUS SECURITIES AND INCENTIVE PLAN

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METASTAT, INC.
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2012 OMNIBUS SECURITIES AND INCENTIVE PLAN

ARTICLE I

PURPOSE

The purpose of this MetaStat, Inc. Amended and Restated 2012 Omnibus Securities and Incentive Plan (the "Plan") is to benefit the stockholders of MetaStat, Inc., a Nevada corporation (the "Company"), by assisting the Company to attract, retain and provide incentives to key management employees and nonemployee directors of, and nonemployee consultants to, the Company and its Affiliates, and to align the interests of such employees, nonemployee directors and nonemployee consultants with those of the Company's stockholders. Accordingly, the Plan provides for the granting of Distribution Equivalent Rights, Incentive Stock Options, Non-Qualified Stock Options, Performance Share Awards, Performance Unit Awards, Restricted Stock Awards, Restricted Stock Unit Awards, Stock Appreciation Rights, Tandem Stock Appreciation Rights, Unrestricted Stock Awards or any combination of the foregoing, as may be best suited to the circumstances of the particular Employee, Director or Consultant as provided herein.

ARTICLE II

DEFINITIONS

The following definitions shall be applicable throughout the Plan unless the context otherwise requires:

"Affiliate" shall mean any corporation which, with respect to the Company, is a "subsidiary corporation" within the meaning of Section 424(f) of the Code.

"Award" shall mean, individually or collectively, any Distribution Equivalent Right, Option, Performance Share Award, Performance Unit Award, Restricted Stock Award, Restricted Stock Unit Award, Stock Appreciation Right or Unrestricted Stock Award.

"Award Agreement" shall mean a written agreement between the Company and the Holder with respect to an Award, setting forth the terms and conditions of the Award, and each of which shall constitute a part of the Plan.

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean (i) if the Holder is a party to an employment or similar agreement with the Company or an Affiliate which agreement defines "Cause" (or a similar term) therein, "Cause" shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, "Cause" shall mean termination by the Company or an Affiliate of the employment (or other service relationship) of the Holder by reason of the Holder's (A) intentional failure to perform reasonably assigned duties, (B) dishonesty or willful misconduct in the performance of the Holder's duties, (C) involvement in a transaction which is materially adverse to the Company or an Affiliate, (D) breach of fiduciary duty involving personal profit, (E) willful violation of any law, rule, regulation or court order (other than misdemeanor traffic violations and misdemeanors not involving misuse or misappropriation of money or property), (F) commission of an act of fraud or intentional misappropriation or conversion of any asset or opportunity of the Company or an Affiliate, or (G) material breach of any provision of the Plan or the Holder's Award Agreement or any other written agreement between the Holder and the Company or an Affiliate, in each case as determined in good faith by the Board, the determination of which shall be final, conclusive and binding on all parties.

"Change of Control" shall mean (i) for a Holder who is a party to an employment or consulting agreement with the Company or an Affiliate which agreement defines "Change of Control" (or a similar term) therein, "Change of Control" shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, "Change of Control" shall mean the satisfaction of any one or more of the following conditions (and the "Change of Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied):

(a) Any person (as such term is used in paragraphs 13(d) and 14(d)(2) of the Exchange Act, hereinafter in this definition, "Person"), other than the Company or an Affiliate or an employee benefit plan of the Company or an Affiliate, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities;

(b) The closing of a merger, consolidation or other business combination (a "Business Combination") other than a Business Combination in which holders of the Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination as immediately before;

(c) The closing of an agreement for the sale or disposition of all or substantially all of the Company's assets to any entity that is not an Affiliate;

(d) The approval by the holders of shares of Common Stock of a plan of complete liquidation of the Company other than a liquidation of the Company into any subsidiary or a liquidation a result of which persons who were stockholders of the Company immediately prior to such liquidation have substantially the same proportionate ownership of shares of common stock of the surviving corporation immediately after such liquidation as immediately before;

(e) Within any twenty-four (24) month period, the Incumbent Directors shall cease to constitute at least a majority of the Board or the board of directors of any successor to the Company; provided, however, that any director elected to the Board, or nominated for election, by a majority of the Incumbent Directors then still in office, shall be deemed to be an Incumbent Director for purposes of this paragraph (e), but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, entity or "group" other than the Board (including, but not limited to, any such assumption that results from paragraphs (a), (b), (c), (d) or (f) of this definition); or

(f) Any other event which shall be deemed by a majority of the members of the Board to constitute a "Change of Control."

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to occur if the Company files for bankruptcy, liquidation or reorganization under the United States Bankruptcy Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to any section and any regulation under such section.

"Committee" shall mean a committee comprised of (i) at any time that the Common Stock is not registered under Section 12 of the Exchange Act, the full Board, and (ii) at any time that the Common Stock is registered under Section 12 of the Exchange Act, not less than three (3) members of the Board who are selected by the Board as provided in Section 4.1.

"Common Stock" shall mean the common stock, par value $.00001 per share, of the Company.

"Company" shall mean MetaStat, Inc., a Nevada corporation, and any successor thereto.

"Consultant" shall mean any non-Employee (individual or entity) advisor to the Company or an Affiliate who or which has contracted directly with the Company or an Affiliate to render bona fide consulting or advisory services thereto.

"Director" shall mean a member of the Board or a member of the board of directors of an Affiliate, in either case, who is not an Employee.

"Distribution Equivalent Right" shall mean an Award granted under Article XIII of the Plan which entitles the Holder to receive bookkeeping credits, cash payments and/or Common Stock distributions equal in amount to the distributions that would have been made to the Holder had the Holder held a specified number of shares of Common Stock during the period the Holder held the Distribution Equivalent Right.

"Distribution Equivalent Right Award Agreement" shall mean a written agreement between the Company and a Holder with respect to a Distribution Equivalent Right Award.

"Effective Date" of the MetaStat, Inc. 2012 Omnibus Securities and Incentive Plan was January 1, 2012. The Effective Date of this amendment and restatement of the Plan shall mean February 27, 2012.

"Employee" shall mean any employee, including officers, of the Company or an Affiliate.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean, as determined consistent with the applicable requirements of Sections 409A and 422 of the Code, as of any specified date, the closing sales price of the Common Stock for such date (or, in the event that the Common Stock is not traded on such date, on the immediately preceding trading date) on the Nasdaq Stock Market or a domestic or foreign national securities exchange (including London's Alternative Investment Market) on which the Common Stock may be listed, as reported in The Wall Street Journal or The Financial Times. If the Common Stock is not listed on the Nasdaq Stock Market or on a national securities exchange, but is quoted on the OTC Bulletin Board or by the National Quotation Bureau, the Fair Market Value of the Common Stock shall be the mean of the bid and asked prices per share of the Common Stock for such date. If the Common Stock is not quoted or listed as set forth above, Fair Market Value shall be determined by the Board in good faith by any fair and reasonable means (which means, with respect to a particular Award grant, may be set forth with greater specificity in the applicable Award Agreement). The Fair Market Value of property other than Common Stock shall be determined by the Board in good faith by any fair and reasonable means, and consistent with the applicable requirements of Sections 409A and 422 of the Code.

"Family Member" shall mean any child, stepchild, grandchild, parent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the Holder's household (other than a tenant or employee of the Holder), a trust in which such persons have more than fifty percent (50%) of the beneficial interest, a foundation in which such persons (or the Holder) control the management of assets, and any other entity in which such persons (or the Holder) own more than fifty percent (50%) of the voting interests.

"Holder" shall mean an Employee, Director or Consultant who has been granted an Award or any such individual's beneficiary, estate or representative, to the extent applicable.

"Incentive Stock Option" shall mean an Option which is intended by the Committee to constitute an "incentive stock option" under Section 422 of the Code.

"Incumbent Director" shall mean, with respect to any period of time specified under the Plan for purposes of determining whether or not a Change of Control has occurred, the individuals who were members of the Board at the beginning of such period.

"Non-Qualified Stock Option" shall mean an Option which is not an Incentive Stock Option.

"Option" shall mean an Award granted under Article VII of the Plan of an option to purchase shares of Common Stock and includes both Incentive Stock Options and Non-Qualified Stock Options.

"Option Agreement" shall mean a written agreement between the Company and a Holder with respect to an Option.

"Performance Criteria" shall mean the criteria that the Committee selects for purposes of establishing the Performance Goal(s) for a Holder for a Performance Period.

"Performance Goals" shall mean, for a Performance Period, the written goal or goals established by the Committee for the Performance Period based upon the Performance Criteria.

"Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, selected by the Committee, over which the attainment of one or more Performance Goals or other business objectives shall be measured for purposes of determining a Holder's right to, and the payment of, a Qualified Performance-Based Award.

"Performance Share Award" shall mean an Award granted under Article XII of the Plan under which, upon the satisfaction of predetermined individual and/or Company (and/or Affiliate) performance goals and/or objectives, shares of Common Stock are paid to the Holder.

"Performance Share Award Agreement" shall mean a written agreement between the Company and a Holder with respect to a Performance Share Award.

"Performance Unit" shall mean a Unit awarded to a Holder pursuant to a Performance Unit Award.

"Performance Unit Award" shall mean an Award granted under Article XI of the Plan under which, upon the satisfaction of predetermined individual and/or Company (and/or Affiliate) performance goals and/or objectives, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

"Performance Unit Award Agreement" shall mean a written agreement between the Company and a Holder with respect to a Performance Unit Award.

"Plan" shall mean this MetaStat, Inc. Amended and Restated 2012 Omnibus Securities and Incentive Plan, as it may be further amended from time to time, together with each of the Award Agreements utilized hereunder.

"Qualified Performance-Based Award" shall mean an Award intended to qualify as "performance-based" compensation under Section 162(m) of the Code.

"Restricted Stock Award" shall mean an Award granted under Article VIII of the Plan of shares of Common Stock, the transferability of which by the Holder shall be subject to Restrictions.

"Restricted Stock Award Agreement" shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

"Restricted Stock Unit Award" shall mean an Award granted under Article X of the Plan under which, upon the satisfaction of predetermined individual service-related vesting requirements, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

"Restricted Stock Unit Award Agreement" shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Unit Award.

"Restriction Period" shall mean the period of time for which shares of Common Stock subject to a Restricted Stock Award shall be subject to Restrictions, as set forth in the applicable Restricted Stock Award Agreement.

"Restrictions" shall mean forfeiture, transfer and/or other restrictions applicable to shares of Common Stock awarded to an Employee, Director or Consultant under the Plan pursuant to a Restricted Stock Award and set forth in a Restricted Stock Award Agreement.

"Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, as such may be amended from time to time, and any successor rule, regulation or statute fulfilling the same or a substantially similar function.

"Stock Appreciation Right" shall mean an Award granted under Article XIV of the Plan of a right, granted alone or in connection with a related Option, to receive a payment on the date of exercise.

"Stock Appreciation Right Award Agreement" shall mean a written agreement between the Company and a Holder with respect to a Stock Appreciation Right.

"Tandem Stock Appreciation Right" shall mean a Stock Appreciation Right granted in connection with a related Option, the exercise of which shall result in termination of the otherwise entitlement to purchase some or all of the shares of Common Stock under the related Option, all as set forth in Section 14.2.

"Ten Percent Stockholder" shall mean an Employee who, at the time an Incentive Stock Option is granted to him or her, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any parent corporation or subsidiary corporation thereof (both as defined in Section 424 of the Code), within the meaning of Section 422(b)(6) of the Code.

"Total and Permanent Disability" shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, all as described in Section 22(e)(3) of the Code.

"Units" shall mean bookkeeping units, each of which represents such monetary amount as shall be designated by the Committee in each Performance Unit Award Agreement, or represents one (1) share of Common Stock for purposes of each Restricted Stock Unit Award.

"Unrestricted Stock Award" shall mean an Award granted under Article IX of the Plan of shares of Common Stock which are not subject to Restrictions.

"Unrestricted Stock Award Agreement" shall mean a written agreement between the Company and a Holder with respect to an Unrestricted Stock Award.

ARTICLE III

EFFECTIVE DATE OF PLAN

The Plan shall be effective as of the Effective Date, provided that the Plan is approved by the stockholders of the Company within twelve (12) months of such date.

ARTICLE IV

ADMINISTRATION

Section 4.1 Composition of Committee. The Plan shall be administered by the Committee, which shall be appointed by the Board. Notwithstanding the foregoing, however, at any time that the Common Stock is registered under Section 12 of the Exchange Act, the Committee shall consist solely of three (3) or more Directors who are each (i) "outside directors" within the meaning of Section 162(m) of the Code ("Outside Directors"), (ii) "non-employee directors" within the meaning of Rule 16b-3 and (iii) "independent" for purposes of any applicable listing requirements ("Non-Employee Directors"); provided, however, that the Board or the Committee may delegate to a committee of one or more members of the Board who are not (x) Outside Directors, the authority to grant Awards to eligible persons who are not (A) then "covered employees" within the meaning of Section 162(m) of the Code and are not expected to be "covered employees" at the time of recognition of income resulting from such Award, or (B) persons with respect to whom the Company wishes to comply with the requirements of Section 162(m) of the Code, and/or (y) Non-Employee Directors, the authority to grant Awards to eligible persons who are not then subject to the requirements of Section 16 of the Exchange Act. If a member of the Committee shall be eligible to receive an Award under the Plan, such Committee member shall have no authority hereunder with respect to his or her own Award.

Section 4.2 Powers. Subject to the provisions of the Plan, the Committee shall have the sole authority, in its discretion, to make all determinations under the Plan, including but not limited to determining which Employees, Directors or Consultants shall receive an Award, the time or times when an Award shall be made (the date of grant of an Award shall be the date on which the Award is awarded by the Committee), what type of Award shall be granted, the term of an Award, the date or dates on which an Award vests (including acceleration of vesting), the form of any payment to be made pursuant to an Award, the terms and conditions of an Award (including the forfeiture of the Award (and/or any financial gain) if the Holder of the Award violates any applicable restrictive covenant thereof), the Restrictions under a Restricted Stock Award and the number of shares of Common Stock which may be issued under an Award, all as applicable. In making such determinations the Committee may take into account the nature of the services rendered by the respective Employees, Directors and Consultants, their present and potential contribution to the Company's (or the Affiliate's) success and such other factors as the Committee in its discretion shall deem relevant.

Section 4.3 Additional Powers. The Committee shall have such additional powers as are delegated to it under the other provisions of the Plan. Subject to the express provisions of the Plan, the Committee is authorized to construe the Plan and the respective Award Agreements executed hereunder, to prescribe such rules and regulations relating to the Plan as it may deem advisable to carry out the intent of the Plan, and to determine the terms, restrictions and provisions of each Award, including such terms, restrictions and provisions as shall be requisite in the judgment of the Committee to cause designated Options to qualify as Incentive Stock Options, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in any Award Agreement in the manner and to the extent it shall deem expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Article IV shall be conclusive and binding on the Company and all Holders.

Section 4.4 Committee Action. In the absence of specific rules to the contrary, action by the Committee shall require the consent of a majority of the members of the Committee, expressed either orally at a meeting of the Committee or in writing in the absence of a meeting. No member of the Committee shall have any liability for any good faith action, inaction or determination in connection with the Plan.

ARTICLE V

STOCK SUBJECT TO PLAN AND LIMITATIONS THEREON

Section 5.1 Stock Grant and Award Limits. The Committee may from time to time grant Awards to one or more Employees, Directors and/or Consultants determined by it to be eligible for participation in the Plan in accordance with the provisions of Article VI. Subject to Article XV, the aggregate number of shares of Common Stock that may be issued under the Plan shall not exceed One Million One Hundred Sixteen Thousand Seven Hundred Eighty-Nine (1,116,789) shares. Shares shall be deemed to have been issued under the Plan solely to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses, expires, is canceled, is terminated unexercised or ceases to be exercisable for any reason, or the rights of its Holder terminate, any shares of Common Stock subject to such Award shall again be available for the grant of a new Award. Notwithstanding any provision in the Plan to the contrary, the maximum number of shares of Common Stock that may be subject to Awards of Options under Article VII and/or Stock Appreciation Rights under Article XIV, in either or both cases granted to any one Employee during any calendar year, shall be Two Hundred Fifty Thousand (250,000) shares (subject to adjustment in the same manner as provided in Article XV with respect to shares of Common Stock subject to Awards then outstanding). The limitation set forth in the preceding sentence shall be applied in a manner which shall permit compensation generated in connection with the exercise of Options or Stock Appreciation Rights to constitute "performance-based" compensation for purposes of Section 162(m) of the Code, including, but not limited to, counting against such maximum number of shares, to the extent required under Section 162(m) of the Code, any shares subject to Options or Stock Appreciation Rights that are canceled or repriced.

Section 5.2 Stock Offered. The stock to be offered pursuant to the grant of an Award may be authorized but unissued Common Stock, Common Stock purchased on the open market or Common Stock previously issued and outstanding and reacquired by the Company.

Section 5.3 Lock-Up Agreement. Each Award Agreement which provides for the issuance of Common Stock, including but not limited to the issuance of Common Stock upon the exercise of an Option, shall provide for a lock-up covenant by the Holder, to be effective for a period not to exceed one year, upon the request of the Company or the Company's principal underwriter in connection with an underwritten public offering of the Common Stock.

ARTICLE VI

ELIGIBILITY FOR AWARDS; TERMINATION OF

EMPLOYMENT, DIRECTOR STATUS OR CONSULTANT STATUS

Section 6.1 Eligibility. Awards made under the Plan may be granted solely to persons or entities who, at the time of grant, are Employees, Directors or Consultants. An Award may be granted on more than one occasion to the same Employee, Director or Consultant, and, subject to the limitations set forth in the Plan, such Award may include, a Non-Qualified Stock Option, a Restricted Stock Award, an Unrestricted Stock Award, a Distribution Equivalent Right Award, a Performance Stock Award, a Performance Unit Award, a Stock Appreciation Right, a Tandem Stock Appreciation Right, any combination thereof or, solely for Employees, an Incentive Stock Option.

Section 6.2 Termination of Employment or Director Status. Except to the extent inconsistent with the terms of the applicable Award Agreement and/or the provisions of Section 6.4, the following terms and conditions shall apply with respect to the termination of a Holder's employment with, or status as a Director of, the Company or an Affiliate, as applicable, for any reason, including, without limitation, Total and Permanent Disability or death:

(a) The Holder's rights, if any, to exercise any then exercisable Non-Qualified Stock Options and/or Stock Appreciation Rights shall terminate:

(1) If such termination is for a reason other than the Holder's Total and Permanent Disability or death, ninety (90) days after the date of such termination of employment or after the date of such termination of Director status;

(2) If such termination is on account of the Holder's Total and Permanent Disability, one (1) year after the date of such termination of employment or Director status; or

(3) If such termination is on account of the Holder's death, one (1) year after the date of the Holder's death.

Upon such applicable date the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in or with respect to any such Non-Qualified Stock Options and Stock Appreciation Rights.

(b) The Holder's rights, if any, to exercise any then exercisable

Incentive Stock Option shall terminate:

(1) If such termination is for a reason other than the Holder's Total and Permanent Disability or death, three (3) months after the date of such termination of employment;

(2) If such termination is on account of the Holder's Total and Permanent Disability, one (1) year after the date of such termination of employment; or

(3) If such termination is on account of the Holder's death, one (1) year after the date of the Holder's death.

Upon such applicable date the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in or with respect to any such Incentive Stock Options.

(c) If a Holder's employment with, or status as a Director of, the Company or an Affiliate, as applicable, terminates for any reason prior to the actual or deemed satisfaction and/or lapse of the restrictions, vesting requirements, terms and conditions applicable to a Restricted Stock Award and/or Restricted Stock Unit Award, such Restricted Stock and/or Restricted Stock Units shall immediately be canceled, and the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in and with respect to any such Restricted Stock and/or Restricted Stock Units. The immediately preceding sentence to the contrary notwithstanding, the Committee, in its sole discretion, may determine, prior to or within thirty (30) days after the date of such termination of employment or Director status, that all or a portion of any such Holder's Restricted Stock and/or Restricted Stock Units shall not be so canceled and forfeited.

Section 6.3 Termination of Consultant Status. Except to the extent inconsistent with the terms of the applicable Award Agreement and/or the provisions of Section 6.4, the following terms and conditions shall apply with respect to the termination of a Holder's status as a Consultant, for any reason:

(a) The Holder's rights, if any, to exercise any then exercisable Non-Qualified Stock Options and Stock Appreciation Rights shall terminate:

(1) If such termination is for a reason other than the Holder's death, ninety (90) days after the date of such termination; or

(2) If such termination is on account of the Holder's death, one (1) year after the date of the Holder's death.

(b) If the status of a Holder as a Consultant terminates for any reason prior to the actual or deemed satisfaction and/or lapse of the Restrictions, vesting requirements, terms and conditions applicable to a Restricted Stock Award, and/or Restricted Stock Units Award, such Restricted Stock and/or Restricted Stock Units shall immediately be canceled, and the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in and with respect to any such Restricted Stock and/or Restricted Stock Units. The immediately preceding sentence to the contrary notwithstanding, the Committee, in its sole discretion, may determine, prior to or within thirty (30) days after the date of such termination of such a Holder's status as a Consultant, that all or a portion of any such Holder's Restricted Stock and/or Restricted Stock Units shall not be so canceled and forfeited.

Section 6.4 Special Termination Rule. Except to the extent inconsistent with the terms of the applicable Award Agreement, and notwithstanding anything to the contrary contained in this Article VI, if a Holder's employment with, or status as a Director of, the Company or an Affiliate shall terminate, and if, within ninety (90) days of such termination, such Holder shall become a Consultant, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to the extent determined by the Committee in its sole discretion, as if such Holder had been a Consultant for the entire period during which such Award or portion thereof had been outstanding. Should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her employment or Director status had terminated until such time as his or her Consultant status shall terminate, in which case his or her Award, as it may have been reduced in connection with the Holder's becoming a Consultant, shall be treated pursuant to the provisions of Section 6.3; provided, however, that any such Award which is intended to be an Incentive Stock Option shall, upon the Holder's no longer being an Employee, automatically convert to a Non-Qualified Stock Option. Should a Holder's status as a Consultant terminate, and if, within ninety (90) days of such termination, such Holder shall become an Employee or a Director, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to

the extent determined by the Committee in its sole discretion, as if such Holder had been an Employee or a Director, as applicable, for the entire period during which such Award or portion thereof had been outstanding, and, should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her Consultant status had terminated until such time as his or her employment with the Company or an Affiliate, or his or her Director status, as applicable, shall terminate, in which case his or her Award shall be treated pursuant to the provisions of Section 6.2.

Section 6.5 Termination for Cause. Notwithstanding anything in this Article VI or elsewhere in the Plan to the contrary, and unless a Holder's Award Agreement specifically provides otherwise, should a Holder's employment, Director status or engagement as a Consultant with or for the Company or an Affiliate be terminated by the Company or Affiliate for Cause, all of such Holder's then outstanding Awards shall expire immediately and be forfeited in their entirety upon such termination.

ARTICLE VII

OPTIONS

Section 7.1 Option Period. The term of each Option shall be as specified in the Option Agreement; provided, however, that except as set forth in Section 7.3, no Option shall be exercisable after the expiration of ten (10) years from the date of its grant.

Section 7.2 Limitations on Exercise of Option. An Option shall be exercisable in whole or in such installments and at such times as specified in the Option Agreement.

Section 7.3 Special Limitations on Incentive Stock Options. To the extent that the aggregate Fair Market Value (determined at the time the respective Incentive Stock Option is granted) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all plans of the Company and any parent corporation or subsidiary corporation thereof (both as defined in Section 424 of the Code) which provide for the grant of Incentive Stock Options exceeds One Hundred Thousand Dollars ($100,000) (or such other individual limit as may be in effect under the Code on the date of grant), the portion of such Incentive Stock Options that exceeds such threshold shall be treated as Non-Qualified Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of a Holder's Options, which were intended by the Committee to be Incentive Stock Options when granted to the Holder, will not constitute Incentive Stock Options because of such limitation, and shall notify the Holder of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an Employee if, at the time the Incentive Stock Option is granted, such Employee is a Ten Percent Stockholder, unless (i) at the time such Incentive Stock Option is granted the Option price is at least one hundred ten percent (110 %) of the Fair Market Value of the Common Stock subject to the Incentive Stock Option, and (ii) such Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the date of grant. No Incentive Stock Option shall be granted more than ten (10) years from the date on which the Plan is approved by the Company's stockholders. The designation by the Committee of an Option as an Incentive Stock Option shall not guarantee the Holder that the Option will satisfy the applicable requirements for "incentive stock option" status under Section 422 of the Code.

Section 7.4 Option Agreement. Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve, including, but not limited to, provisions intended to qualify an Option as an Incentive Stock Option. An Option Agreement may provide for the payment of the Option price, in whole or in part, in cash or cash equivalents, by the delivery of a number of shares of Common Stock (plus cash if necessary) that have been owned by the Holder for at least six (6) months and having a Fair Market Value equal to such Option price, or such other forms or methods as the Committee may determine from time to time, in each case, subject to such rules and regulations as may be adopted by the Committee. Each Option Agreement shall, solely to the extent inconsistent with the provisions of Sections 6.2, 6.3, 6.4 and 6.5, as applicable, specify the effect of termination of the Holder's employment, Director status or Consultant status on the exercisability of the Option. Moreover, without limiting the generality of the foregoing, an Option Agreement may provide for a "cashless exercise" of the Option, in whole or in part, by (a) establishing procedures whereby the Holder, by a properly-executed written notice, directs (i) an immediate market sale or margin loan as to all or a part of the shares of Common Stock to which he is entitled to receive upon exercise of the Option, pursuant to an extension of credit by the Company to the Holder of the Option price, (ii) the delivery of the shares of Common Stock from the Company directly to a brokerage firm and (iii) the delivery of the Option price from sale or margin loan proceeds from the brokerage firm directly to the Company, or (b) reducing the number of shares of Common Stock to be issued upon exercise of the Option by the number of such shares having an aggregate Fair Market Value equal to the Option price (or portion thereof to be so paid) as of the date of the Option's exercise. Each Option Agreement shall, solely to the extent inconsistent with the provisions of Sections 6.2, 6.3, 6.4 and 6.5, as applicable, specify the effect of the termination of the Holder's employment, Director status or Consultant status on the exercisability of the Option. An Option Agreement may also include provisions relating to (i) subject to the provisions hereof, accelerated vesting of Options, including but not limited to upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements and requiring additional "gross-up" payments to Holders to meet any excise taxes or other additional income tax liability imposed as a result of a payment made upon a Change of Control resulting from the operation of the Plan or of such Option Agreement) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Option Agreements need not be identical.

Section 7.5 Option Price and Payment. The price at which a share of Common Stock may be purchased upon exercise of an Option shall be determined by the Committee; provided, however, that such Option price (i) shall not be less than the Fair Market Value of a share of Common Stock on the date such Option is granted, and (ii) shall be subject to adjustment as provided in Article XV. The Option or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company. The Option price for the Option or portion thereof shall be paid in full in the manner prescribed by the Committee as set forth in the Plan and the applicable Option Agreement, which manner, with the consent of the Committee, may include the withholding of shares of Common Stock otherwise issuable in connection with the exercise of the Option, for purposes of Section 7.4 (b). Separate stock certificates shall be issued by the Company for those shares of Common Stock acquired pursuant to the exercise of an Incentive Stock Option and for those shares of Common Stock acquired pursuant to the exercise of a Non-Qualified Stock Option.

Section 7.6 Stockholder Rights and Privileges. The Holder of an Option shall be entitled to all the privileges and rights of a stockholder of the Company solely with respect to such shares of Common Stock as have been purchased under the Option and for which certificates of stock have been registered in the Holder's name.

Section 7.7 Options and Rights in Substitution for Stock Options Granted by Other Corporations. Options may be granted under the Plan from time to time in substitution for stock options held by individuals employed by entities who become Employees as a result of a merger or consolidation of the employing entity with the Company or any Affiliate, or the acquisition by the Company or an Affiliate of the assets of the employing entity, or the acquisition by the Company or an Affiliate of stock of the employing entity with the result that such employing entity becomes an Affiliate.

Section 7.8 Prohibition Against Repricing. Except to the extent (i) approved in advance by holders of a majority of the shares of the Company entitled to vote generally in the election of directors, or (ii) as a result of any Change of Control or any adjustment as provided in Article XV, the Committee shall not have the power or authority to reduce, whether through amendment or otherwise, the exercise price under any outstanding Option or Stock Appreciation Right, or to grant any new Award or make any payment of cash in substitution for or upon the cancellation of Options and/or Stock Appreciation Rights previously granted.

ARTICLE VIII

RESTRICTED STOCK AWARDS

Section 8.1 Restriction Period to be Established by Committee. At the time a Restricted Stock Award is made, the Committee shall establish the Restriction Period applicable to such Award. Each Restricted Stock Award may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Restricted Stock Award shall not be changed except as permitted by Section 8.2.

Section 8.2 Other Terms and Conditions. Common Stock awarded pursuant to a Restricted Stock Award shall be represented by a stock certificate registered in the name of the Holder of such Restricted Stock Award. If provided for under the Restricted Stock Award Agreement, the Holder shall have the right to vote Common Stock subject thereto and to enjoy all other stockholder rights, including the entitlement to receive dividends on the Common Stock during the Restriction Period, except that (i) the Holder shall not be entitled to delivery of the stock certificate until the Restriction Period shall have expired, (ii) the Company shall retain custody of the stock certificate during the Restriction Period (with a stock power endorsed by the Holder in blank), (iii) the Holder may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the Common Stock during the Restriction Period and (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Award Agreement shall cause a forfeiture of the Restricted Stock Award. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the effect of termination of employment, Director status or Consultant status prior to expiration of the Restriction Period. Such additional terms, conditions or restrictions shall, to the extent inconsistent with the provisions of Sections 6.2, 6.3 and 6.4, as applicable, be set forth in a Restricted Stock Award Agreement made in conjunction with the Award. Such Restricted Stock Award Agreement may also include provisions relating to (i) subject to the provisions hereof, accelerated vesting of Awards, including but not limited to accelerated vesting upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements and requiring additional "gross-up" payments to Holders to meet any excise taxes or other additional income tax liability imposed as a result of a payment made in connection with a "Change of Control" resulting from the operation of the Plan or of such Restricted Stock Award Agreement) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Restricted Stock Agreements need not be identical. All shares of Common Stock delivered to a Holder as part of a Restricted Stock Award shall be delivered and reported by the Company or the Affiliate, as applicable, to the Holder by no later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the Company's fiscal year in which the Holder's entitlement to such shares becomes vested.

Section 8.3 Payment for Restricted Stock. The Committee shall determine the amount and form of any payment from a Holder for Common Stock received pursuant to a Restricted Stock Award, if any, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Common Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

Section 8.4 Restricted Stock Award Agreements. At the time any Award is made under this Article VIII, the Company and the Holder shall enter into a Restricted Stock Award Agreement setting forth each of the matters contemplated hereby and such other matters as the Committee may determine to be appropriate.

ARTICLE IX

UNRESTRICTED STOCK AWARDS

Pursuant to the terms of the applicable Unrestricted Stock Award Agreement, a Holder may be awarded (or sold) shares of Common Stock which are not subject to Restrictions, in consideration for past services rendered thereby to the Company or an Affiliate or for other valid consideration.

ARTICLE X

RESTRICTED STOCK UNIT AWARDS

Section 10.1 Terms and Conditions. The Committee shall set forth in the applicable Restricted Stock Unit Award Agreement the individual service-based vesting requirement which the Holder would be required to satisfy before the Holder would become entitled to payment pursuant to Section 10.2 and the number of Units awarded to the Holder. Such payment shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Unit Awards, including, but not limited to, rules pertaining to the effect of termination of employment, Director status or Consultant status prior to expiration of the applicable vesting period. The terms and conditions of the respective Restricted Stock Unit Award Agreements need not be identical.

Section 10.2 Payments. The Holder of a Restricted Stock Unit shall be entitled to receive a cash payment equal to the Fair Market Value of a share of Common Stock, or one (1) share of Common Stock, as determined in the sole discretion of the Committee and as set forth in the Restricted Stock Unit Award Agreement, for each Restricted Stock Unit subject to such Restricted Stock Unit Award, if the Holder satisfies the applicable vesting requirement. Such payment shall be made no later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the calendar year in which the Restricted Stock Unit first becomes vested.

ARTICLE XI

PERFORMANCE UNIT AWARDS

Section 11.1 Terms and Conditions. The Committee shall set forth in the applicable Performance Unit Award Agreement the performance goals and objectives (and the period of time to which such goals and objectives shall apply) which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to payment pursuant to Section 10.2, the number of Units awarded to the Holder and the dollar value assigned to each such Unit. Such payment shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Unit Awards, including, but not limited to, rules pertaining to the effect of termination of employment, Director status or Consultant status prior to expiration of the applicable performance period. The terms and conditions of the respective Performance Unit Award Agreements need not be identical.

Section 11.2 Payments. The Holder of a Performance Unit shall be entitled to receive a cash payment equal to the dollar value assigned to such Unit under the applicable Performance Unit Award Agreement if the Holder and/or the Company satisfy (or partially satisfy, if applicable under the applicable Performance Unit Award Agreement) the performance goals and objectives set forth in such Performance Unit Award Agreement. If achieved, such payment shall be made not later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the Company's fiscal year to which such performance goals and objectives relate.

ARTICLE XII

PERFORMANCE SHARE AWARDS

Section 12.1 Terms and Conditions. The Committee shall set forth in the applicable Performance Share Award Agreement the performance goals and objectives (and the period of time to which such goals and objectives shall apply) which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to the receipt of shares of Common Stock pursuant to such Holder's Performance Share Award and the number of shares of Common Stock subject to such Performance Share Award. Such payment shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code and, if such goals and objectives are achieved, the distribution of such Common Shares shall be made no later than by the fifteenth (15th) day of the third (3rd) calendar month next following the end of the Company's fiscal year to which such goals and objectives relate. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Share Awards, including, but not limited to, rules pertaining to the effect of termination of the Holder's employment, Director status or Consultant status prior to the expiration of the applicable performance period. The terms and conditions of the respective Performance Share Award Agreements need not be identical.

Section 12.2 Stockholder Rights and Privileges. The Holder of a Performance Share Award shall have no rights as a stockholder of the Company until such time, if any, as the Holder actually receives shares of Common Stock pursuant to the Performance Share Award.

ARTICLE XIII

DISTRIBUTION EQUIVALENT RIGHTS

Section 13.1 Terms and Conditions. The Committee shall set forth in the applicable Distribution Equivalent Rights Award Agreement the terms and conditions, if any, including whether the Holder is to receive credits currently in cash, is to have such credits reinvested (at Fair Market Value determined as of the date of reinvestment) in additional shares of Common Stock or is to be entitled to choose among such alternatives. Such receipt shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code and, if such Award becomes vested, the distribution of such cash or shares of Common Stock shall be made no later than by the fifteenth (15th) day of the third (3rd) calendar month next following the end of the Company's fiscal year in which the Holder's interest in the Award vests. Distribution Equivalent Rights Awards may be settled in cash or in shares of Common Stock, as set forth in the applicable Distribution Equivalent Rights Award Agreement. A Distribution Equivalent Rights Award may, but need not be, awarded in tandem with another Award, whereby, if so awarded, such Distribution Equivalent Rights Award shall expire, terminate or be forfeited by the Holder, as applicable, under the same conditions as under such other Award.

Section 13.2 Interest Equivalents. The Distribution Equivalent Rights Award Agreement for a Distribution Equivalent Rights Award may provide for the crediting of interest on a Distribution Rights Award to be settled in cash at a future date (but in no event later than by the fifteenth (15th) day of the third (3rd) calendar month next following the end of the Company's fiscal year in which such interest was credited), at a rate set forth in the applicable Distribution Equivalent Rights Award Agreement, on the amount of cash payable thereunder.

ARTICLE XIV

STOCK APPRECIATION RIGHTS

Section 14.1 Terms and Conditions. The Committee shall set forth in the applicable Stock Appreciation Right Award Agreement the terms and conditions of the Stock Appreciation Right, including (i) the base value (the "Base Value") for the Stock Appreciation Right, which for purposes of a Stock Appreciation Right which is not a Tandem Stock Appreciation Right, shall be not less than the Fair Market Value of a share of the Common Stock on the date of grant of the Stock Appreciation Right, (ii) the number of shares of Common Stock subject to the Stock Appreciation Right, (iii) the period during which the Stock Appreciation Right may be exercised; provided, however, that no Stock Appreciation Right shall be exercisable after the expiration of ten (10) years from the date of its grant, and (iv) any other special rules and/or requirements which the Committee imposes upon the Stock Appreciation Right. Upon the exercise of some or all of a Stock Appreciation Right, the Holder shall receive a payment from the Company, in cash or in the form of shares of Common Stock having an equivalent Fair Market Value or in a combination of both, as determined in the sole discretion of the Committee, equal to the product of:

(a) The excess of (i) the Fair Market Value of a share of the Common Stock on the date of exercise, over (ii) the Base Value, multiplied by;

(b) The number of shares of Common Stock with respect to which the Stock Appreciation Right is exercised.

Section 14.2 Tandem Stock Appreciation Rights. If the Committee grants a Stock Appreciation Right which is intended to be a Tandem Stock Appreciation Right, the Tandem Stock Appreciation Right shall be granted at the same time as the related Option, and the following special rules shall apply:

(a) The Base Value shall be equal to or greater than the per share exercise price under the related Option;

(b) The Tandem Stock Appreciation Right may be exercised for all or part of the shares of Common Stock which are subject to the related Option, but solely upon the surrender by the Holder of the Holder's right to exercise the equivalent portion of the related Option (and when a share of Common Stock is purchased under the related Option, an equivalent portion of the related Tandem Stock Appreciation Right shall be cancelled);

(c) The Tandem Stock Appreciation Right shall expire no later than the date of the expiration of the related Option;

(d) The value of the payment with respect to the Tandem Stock Appreciation Right may be no more than one hundred percent (100%) of the difference between the per share exercise price under the related Option and the Fair Market Value of the shares of Common Stock subject to the related Option at the time the Tandem Stock Appreciation Right is exercised, multiplied by the number of shares of Common Stock with respect to which the Tandem Stock Appreciation Right is exercised; and

(e) The Tandem Stock Appreciation Right may be exercised solely when the Fair Market Value of a share of Common Stock subject to the related Option exceeds the per share exercise price under the related Option.

ARTICLE XV

RECAPITALIZATION OR REORGANIZATION

Section 15.1 Adjustments to Common Stock. The shares with respect to which Awards may be granted under the Plan are shares of Common Stock as presently constituted; provided, however, that if, and whenever, prior to the expiration or distribution to the Holder of shares of Common Stock underlying an Award theretofore granted, the Company shall effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the number of shares of Common Stock with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding shares, shall be proportionately increased, and the purchase price per share of the Common Stock shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares, shall be proportionately reduced, and the purchase price per share of the Common Stock shall be proportionately increased. Notwithstanding the foregoing or any other provision of this Article XV, any adjustment made with respect to an Award (x) which is an Incentive Stock Option, shall comply with the requirements of Section 424(a) of the Code, and in no event shall any adjustment be made which would render any Incentive Stock Option granted under the Plan to be other than an "incentive stock option" for purposes of Section 422 of the Code, and (y) which is a Non-Qualified Stock Option, shall comply with the requirements of Section 409A of the Code, and in no event shall any adjustment be made which would render any Non-Qualified Stock Option granted under the Plan to become subject to Section 409A of the Code.

Section 15.2 Recapitalization. If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise or satisfaction, as applicable, of a previously granted Award, the Holder shall be entitled to receive (or entitled to purchase, if applicable) under such Award, in lieu of the number of shares of Common Stock then covered by such Award, the number and class of shares of stock and securities to which the Holder would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Holder had been the holder of record of the number of shares of Common Stock then covered by such Award.

Section 15.3 Other Events. In the event of changes to the outstanding Common Stock by reason of extraordinary cash dividend, reorganization, mergers, consolidations, combinations, split-ups, spin-offs, exchanges or other relevant changes in capitalization occurring after the date of the grant of any Award and not otherwise provided for under this Article XV, any outstanding Awards and any Award Agreements evidencing such Awards shall be adjusted by the Board in its discretion in such manner as the Board shall deem equitable or appropriate taking into consideration the applicable accounting and tax consequences, as to the number and price of shares of Common Stock or other consideration subject to such Awards. In the event of any adjustment pursuant to Sections 15.1, 15.2 or this Section 15.3, the aggregate number of shares available under the Plan pursuant to Section 5.1 (and the Code Section 162(m) limit set forth therein) may be appropriately adjusted by the Board, the determination of which shall be conclusive. In addition, the Committee may make provision for a cash payment to a Participant or a person who has an outstanding Award. The number of shares of Common Stock subject to any Award shall be rounded to the nearest whole number.

Section 15.4 Powers Not Affected. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or of the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change of the Company's capital structure or business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

Section 15.5 No Adjustment for Certain Awards. Except as hereinabove expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect previously granted Awards, and no adjustment by reason thereof shall be made with respect to the number of shares of Common Stock subject to Awards theretofore granted or the purchase price per share, if applicable.

ARTICLE XVI

AMENDMENT AND TERMINATION OF PLAN

The Plan shall continue in effect, unless sooner terminated pursuant to this Article XVI, until the tenth (10^{th}) anniversary of the date on which it is adopted by the Board (except as to Awards outstanding on that date). The Board in its discretion may terminate the Plan at any time with respect to any shares for which Awards have not theretofore been granted; provided, however, that the Plan's termination shall not materially and adversely impair the rights of a Holder with respect to any Award theretofore granted without the consent of the Holder. The Board shall have the right to alter or amend the Plan or any part hereof from time to time; provided, however, that without the approval by a majority of the votes cast at a meeting of shareholders at which a quorum representing a majority of the shares of the Company entitled to vote generally in the election of directors is present in person or by proxy, no amendment or modification of the Plan may (i) materially increase the benefits accruing to Holders, (ii) except as otherwise expressly provided in Article XV, materially increase the number of shares of Common Stock subject to the Plan or the individual Award limitations specified in Article V, (iii) materially modify the requirements for participation in the Plan, or (iv) amend, modify, terminate or suspend Section 7.8 (repricing prohibition) or this Article XVI. In addition, no change in any Award theretofore granted may be made which would materially and adversely impair the rights of a Holder with respect to such Award without the consent of the Holder (unless such change is required in order to cause the benefits under the Plan to qualify as "performance-based" compensation within the meaning of Section 162(m) of the Code or to exempt the Plan or any Award from Section 409A of the Code).

ARTICLE XVII

SPECIAL RULES

Section 17.1 Right of First Refusal. Solely during such time that the Common Stock is not publicly traded and solely to the extent that the applicable Award Agreement so provides, no Holder (or beneficiary of a Holder including but not limited to the Holder's estate) may sell or otherwise transfer (except for inter vivos transfers to Family Members) any Common Stock obtained thereby pursuant to an Award without first (i) providing the Company with a written offer to sell the Common Stock to the Company on the same terms as were offered to the Holder (or the Holder's beneficiary) by a bona fide third party (a copy of which third party offer shall be attached to the Holder's or beneficiary's offer to sell such Common Stock to the Company) for a sales price and with other terms and conditions, in each case equal to those stated in the third party's purchase offer, and (ii) waiting thirty (30) days from the date of the Company's receipt of such offer. If the Company shall accept the Holder's or beneficiary's offer in writing within said thirty (30) day period, the Holder or beneficiary and the Company shall promptly effect such transaction. If the Company does not provide a written acceptance of the Holder's or beneficiary's offer within said thirty (30) day period, the Holder or beneficiary shall be entitled to accept such third party's offer and effect such transaction.

Section 17.2 Call Option. Solely during such time that the Common Stock is not publicly traded and solely to the extent that the applicable Award Agreement so provides, upon the termination of (i) an Employee's employment with the Company or an Affiliate, (ii) a Director's membership on the Board or on the board of directors of an Affiliate or (iii) a Consultant's consulting or advisory engagement by the Company or Affiliate, the Company shall have the right to purchase from such individual or from such individual's estate, for a period of ninety (90) days following the date of such termination, any Common Stock obtained thereby pursuant to the exercise of a Stock Option hereunder for a purchase price equal to the Fair Market Value of such Stock as of the date on which the Company provides written notice of its intent to exercise its call option hereunder to such individual or to such individual's estate; provided, however, that notwithstanding the foregoing, should the individual's employment, Board membership or consulting or advisory engagement be terminated by the Company for Cause, in lieu of Fair Market Value, the purchase price shall equal the amount paid, if any, by such individual, to obtain such Stock.

ARTICLE XVIII

MISCELLANEOUS

Section 18.1 No Right to Award. Neither the adoption of the Plan by the Company nor any action of the Board or the Committee shall be deemed to give an Employee, Director or Consultant any right to an Award except as may be evidenced by an Award Agreement duly executed on behalf of the Company, and then solely to the extent and on the terms and conditions expressly set forth therein.

Section 18.2 No Rights Conferred. Nothing contained in the Plan shall (i) confer upon any Employee any right with respect to continuation of employment with the Company or any Affiliate, (ii) interfere in any way with any right of the Company or any Affiliate to terminate the employment of an Employee at any time, (iii) confer upon any Director any right with respect to continuation of such Director's membership on the Board, (iv) interfere in any way with any right of the Company or an Affiliate to terminate a Director's membership on the Board at any time, (v) confer upon any Consultant any right with respect to continuation of his or her consulting engagement with the Company or any Affiliate, or (vi) interfere in any way with any right of the Company or an Affiliate to terminate a Consultant's consulting engagement with the Company or an Affiliate at any time.

Section 18.3 Other Laws; No Fractional Shares; Withholding. The Company shall not be obligated to issue any Common Stock pursuant to any Award granted under the Plan at any time when the shares covered by such Award have not been registered under the Securities Act of 1933 and under such other state and federal laws, rules or regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel of the Company, if there is no exemption from the registration requirements of such laws, rules or regulations available for the issuance and sale of such shares of Common Stock. The Company shall not be obligated by virtue of any provision of the Plan to recognize the exercise of any Award or to otherwise sell or issue shares of Common Stock in violation of any such laws, rules or regulations, and any postponement of the exercise or settlement of any Award under this provision shall not extend the term of such Award. Neither the Company nor its directors or officers shall have any obligation or liability to a Holder with respect to any Award (or shares of Common Stock issuable thereunder) (i) that shall lapse because of such postponement, or (ii) for any failure to comply with the requirements of any applicable law, rules or regulations, including but not limited to any failure to comply with the requirements of Section 409A of the Code. No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid. The Company shall have the right to deduct in cash (whether under this Plan or otherwise) in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations. In the case of any Award satisfied in the form of shares of Common Stock, no shares shall be issued unless and until arrangements satisfactory to the Company shall have been made to satisfy any tax withholding obligations applicable with respect to such Award. Subject to such terms and conditions as the Committee may impose, the Company shall have the right to retain, or the Committee may, subject to such terms and conditions as it may establish from time to time, permit Holders to elect to tender, Common Stock (including Common Stock issuable in respect of an Award) to satisfy, in whole or in part, the amount required to be withheld.

Section 18.4 No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any corporate action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Employee, Director, Consultant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

Section 18.5 Restrictions on Transfer. No Award under the Plan or any Award Agreement and no rights or interests herein or therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Holder except (i) by will or by the laws of descent and distribution, or (ii) except for an Incentive Stock Option, by gift to any Family Member of the Holder. An Award may be exercisable during the lifetime of the Holder only by such Holder or by the Holder's guardian or legal representative unless it has been transferred by gift to a Family Member of the Holder, in which case it shall be exercisable solely by such transferee. Notwithstanding any such transfer, the Holder shall continue to be subject to the withholding requirements provided for under Section 18.3 hereof.

Section 18.6 Beneficiary Designations. Each Holder may, from time to time, name a beneficiary or beneficiaries (who may be contingent or successive beneficiaries) for purposes of receiving any amount which is payable in connection with an Award under the Plan upon or subsequent to the Holder's death. Each such beneficiary designation shall serve to revoke all prior beneficiary designations, be in a form prescribed by the Company and be effective solely when filed by the Holder in writing with the Company during the Holder's lifetime. In the absence of any such written beneficiary designation, for purposes of the Plan, a Holder's beneficiary shall be the Holder's estate.

Section 18.7 Rule 16b-3. It is intended that, at any time when the Common Stock is registered under Section 12 of the Exchange Act, the Plan and any Award made to a person subject to Section 16 of the Exchange Act shall meet all of the requirements of Rule 16b-3. If any provision of the Plan or of any such Award would disqualify the Plan or such Award under, or would otherwise not comply with the requirements of, Rule 16b-3, such provision or Award shall be construed or deemed to have been amended as necessary to conform to the requirements of Rule 16b-3.

Section 18.8 Section 162(m). It is intended that, at any time when the Common Stock is registered under Section 12 of the Exchange Act, the Plan shall comply fully with and meet all the requirements of Section 162(m) of the Code so that Awards hereunder which are made to Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall constitute "performance-based" compensation within the meaning of Section 162(m) of the Code. Any Performance Goal(s) applicable to Qualified Performance-Based Awards shall be objective, shall be established not later than ninety (90) days after the beginning of any applicable Performance Period (or at such other date as may be required or permitted for "performance-based" compensation under Section 162(m) of the Code) and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the Performance Goal or Goals be substantially uncertain (as defined in the regulations under Section 162(m) of the Code) at the time established. The Performance Criteria to be utilized under the Plan to establish Performance Goals shall consist of objective tests based on one or more of the following: earnings or earnings per share, cash flow or cash flow per share, operating cash flow or operating cash flow per share revenue growth, product revenue growth, financial return ratios (such as return on equity, return on investment and/or return on assets), share price performance, stockholder return, equity and/or value, operating income, operating margins, earnings before interest, taxes, depreciation and amortization, net income, pre- or post-tax income, economic value added (or an equivalent metric), profit returns and margins, credit quality, sales growth, market share, working capital levels, comparisons with various stock market indices, year-end cash, debt reduction, assets under management, operating efficiencies, strategic partnerships or transactions (including co-development, co-marketing, profit-sharing, joint venture or other similar arrangements), and/or financing and other capital raising transactions. Performance criteria may be established on a Company-wide basis or with respect to one or more Company business units or divisions or subsidiaries; and either in absolute terms, relative to the performance of one or more similarly situated companies, or relative to the performance of an index covering a peer group of companies. When establishing Performance Goals for the applicable Performance Period, the Committee may exclude any or all "extraordinary items" as determined under U.S. generally accepted accounting principles including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other unusual or non-recurring items, and the cumulative effects of accounting changes and as identified in the Company's financial statements, notes to the Company's financial statements or management's discussion and analysis of financial condition and results of operations contained in the Company's most recent annual report filed with the U.S. Securities and Exchange Commission pursuant to the Exchange Act. Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall be eligible to receive payment under a Qualified Performance-Based Award which is subject to achievement of a Performance Goal or Goals only if the applicable Performance Goal or Goals are achieved within the applicable Performance Period, as determined by the Committee. If any provision of the Plan would disqualify the Plan or would not otherwise permit the Plan to comply with Section 162(m) as so intended, such provision shall be construed or deemed amended to conform to the requirements or provisions of Section 162(m). The Committee may postpone the exercising of Awards, the issuance or delivery of Common Stock under any Award or any action permitted under the Plan to prevent the Company or any subsidiary from being denied a federal income tax deduction with respect to any Award other than an Incentive Stock Option, provided that such deferral satisfies the requirements of Section 409A of the Code. For purposes of the requirements of Treasury Regulation Section 1.162-27(e)(4)(i), the maximum amount of compensation that may be paid to any Employee under the Plan for a calendar year shall be Five Hundred Thousand Dollars ($500,000).

Section 18.9 Section 409A. Notwithstanding any other provision of the Plan, the Committee shall have no authority to issue an Award under the Plan with terms and/or conditions which would cause such Award to constitute non-qualified "deferred compensation" under Section 409A of the Code. Accordingly, by way of example but not limitation, no Option shall be granted under the Plan with a per share exercise price which is less than the Fair Market Value of a share of Common Stock on the date of grant of the Option. Notwithstanding anything herein to the contrary, no Award Agreement shall provide for any deferral feature with respect to an Award which constitutes a deferral of compensation under Section 409A of the Code. The Plan and all Award Agreements are intended to comply with the requirements of Section 409A of the Code (so as to be exempt therefrom), and shall be so interpreted and construed.

Section 18.10 Indemnification. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred thereby in connection with or resulting from any claim, action, suit, or proceeding to which such person may be made a party or may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid thereby in settlement thereof, with the Company's approval, or paid thereby in satisfaction of any judgment in any such action, suit, or proceeding against such person; provided, however, that such person shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-laws, by contract, as a matter of law, or otherwise.

Section 18.11 Other Plans. No Award, payment or amount received hereunder shall be taken into account in computing an Employee's salary or compensation for the purposes of determining any benefits under any pension, retirement, life insurance or other benefit plan of the Company or any Affiliate, unless such other plan specifically provides for the inclusion of such Award, payment or amount received. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees, in cash or property, in a manner which is not expressly authorized under the Plan.

Section 18.12 Limits of Liability. Any liability of the Company with respect to an Award shall be based solely upon the contractual obligations created under the Plan and the Award Agreement. None of the Company, any member of the Board nor any member of the Committee shall have any liability to any party for any action taken or not taken, in good faith, in connection with or under the Plan.

Section 18.13 Governing Law. Except as otherwise provided herein, the Plan shall be construed in accordance with the laws of the State of Nevada, without regard to principles of conflicts of law.

Section 18.14 Severability of Provisions. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of the Plan, and the Plan shall be construed and enforced as if such invalid or unenforceable provision had not been included in the Plan.

Section 18.15 No Funding. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to ensure the payment of any Award.

Section 18.16 Headings. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

Section 18.17 Terms of Award Agreements. Each Award shall be evidenced by an Award Agreement, which Award Agreement, if it provides for the issuance of Common Stock, shall require the Holder to enter into and be bound by the terms of the Company's Stockholders' Agreement, if any. The terms of the Award Agreements utilized under the Plan need not be the same.

Section 18.18 California Information Requirements. To the extent applicable, the Company shall comply with the information requirements applicable to the Plan pursuant to Section 260.140.46 of the California Code of Regulations.

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AMENDMENT TO THE
METASTAT, INC.
AMENDED AND RESTATED
2012 OMNIBUS SECURITIES AND INCENTIVE PLAN

Amendment Number 1

WHEREAS, MetaStat, Inc., a Nevada corporation (the "Company"), maintains the MetaStat, Inc. Amended and Restated 2012 Omnibus Securities and Incentive Plan (the "Plan");

WHEREAS, Article XVI of the Plan provides that the Company's Board of Directors (the "Board") shall have the right to alter or amend the Plan or any part of the Plan from time to time (subject in certain cases to shareholder consent requirements); and

WHEREAS, as required for U.S. tax law purposes applicable to incentive stock options, Section XVI of the Plan requires that an amendment or modification of the Plan to materially increase the number of shares of the Company's common stock subject to the Plan, must be approved by a majority of the votes cast at a meeting of shareholders at which a quorum representing a majority of the shares of the Company entitled to vote generally in the election of directors is present in person or by proxy (which approval is required under applicable U.S. tax law within 12 months before or after the effective date of the share number increase);

WHEREAS, subject to satisfaction of the above-referred shareholder approval requirements, the Board now desires to amend Section 5.1 of the Plan to increase the aggregate number of shares of the Company's common stock that may be issued pursuant to Plan awards;

NOW, THEREFORE, the Plan is hereby amended as follows:

FIRST: Provided that the applicable shareholder approval requirements of Article XVI of the Plan are satisfied prior to May 15, 2013, effective May 15, 2012, Section 5.1 of the Plan is hereby amended by replacing "ONE MILLION ONE HUNDRED SIXTEEN THOUSAND SEVEN HUNDRED EIGHTY-NINE (1,116,789) shares" as it heretofore appeared therein with "THREE MILLION THREE HUNDRED SIXTEEN THOUSAND SEVEN HUNDRED EIGHTY-NINE (3,316,789) shares".

SECOND: Except to the extent hereinabove provided, the Plan shall remain in full force and effect without further change or modification.

IN WITNESS WHEREOF, this Amendment Number 1 to the Plan is hereby adopted on behalf of the Company by the Board.

METASTAT, INC.

By: /s/ Warren C. Lau — May 22, 2012
Its: Chief Executive Officer — Date

Exhibit 10.13

METASTAT, INC.
EMPLOYMENT AGREEMENT

This **Employment Agreement** (this ***"Agreement"***) is made and entered into on May 27, 2013 (the "***Effective Date***") by and between MetaStat, Inc. (the ***"Company"***) and Oscar L. Bronsther (***"Executive"***). The Company and Executive are hereinafter collectively referred to as the ***"Parties"***, and individually referred to as a ***"Party"***.

Recitals

A. The Company desires assurance of the association and services of Executive in order to retain Executive's experience, skills, abilities, background and knowledge, and is willing to engage Executive's services on the terms and conditions set forth in this Agreement.

B. Executive desires to be in the employ of the Company, and is willing to accept such employment on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. Employment.

1.1 Title. Effective as of the Effective Date, Executive's position shall be Chief Executive Officer and Chief Medical Officer, subject to the terms and conditions set forth in this Agreement.

1.2 Term. The term of this Agreement shall begin on the Effective Date and shall continue until it is terminated pursuant to Section 4 herein (the ***"Term"***).

1.3 Duties. Executive shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and that are normally associated with the positions of Chief Executive Officer and Chief Medical Officer. Executive shall report to the Company's Board of Directors.

1.4 Policies and Practices. The employment relationship between the Parties shall be governed by this Agreement and by the policies and practices established by the Company and/or the Board of Directors ("***Board***"), or any designated committee thereof. In the event that the terms of this Agreement differ from or are in conflict with the Company's policies or practices or the Company's Employee Handbook, this Agreement shall control.

1.5 Location. Unless the Parties otherwise agree in writing, during the Term Executive shall perform the services that he is required to perform pursuant to this Agreement from his home office in Potomac, Maryland or from the Company's offices in Montclair, New Jersey, ***provided, however*****,** that the Company may from time to time require him to travel temporarily to other locations in connection with the Company's business.

2. Loyalty; Noncompetition; Nonsolicitation.

2.1 Loyalty. During Executive's employment by the Company, Executive shall devote Executive's full business energies, interest, abilities and productive time to the proper and efficient performance of Executive's duties under this Agreement. Notwithstanding the foregoing, except as otherwise agreed to in writing, Executive shall have the right to perform such incidental services as are necessary in connection with (a) his private passive investments, (b) his charitable or community activities, (c) his participation in trade or professional organizations, and (d) his service on the board of directors (or comparable body) of Kaisers National Transplant Advisory Board or any other third-party corporate entity that is not a Competitive Entity (as defined in Section 2.3), so long as these activities do not interfere with Executive's duties hereunder and, with respect to (d), Executive obtains prior Company consent, which consent will not be unreasonably withheld.

2.2 Agreement not to Participate in Company's Competitors. During the Term, Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known by Executive to be adverse or antagonistic to the Company, its business, or prospects, financial or otherwise, or in any company, person, or entity that is, directly or indirectly, in competition with the business of the Company or any of its Affiliates (as defined below). Ownership by Executive, in professionally managed funds over which the Executive does not have control or discretion in investment decisions, or as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute a breach of this Section. For purposes of this Agreement, ***"Affiliate,"*** means, with respect to any specific entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified entity.

2.3 Covenant not to Compete. During the Term and for a period of six (6) months thereafter, or in the event the Executive is terminated or resigns pursuant to the terms of Section 4.5.4 hereof, for a period of twelve (12) months thereafter (the "***Restricted Period***"), Executive shall not engage in competition with the Company and/or any of its Affiliates, either directly or indirectly, in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, or member of any association or otherwise, in any phase of the business of developing, manufacturing and marketing of cancer diagnostic tests (a "***Competitive Entity***"), except with the prior written consent of the Board.

2.4 Nonsolicitation. During the Restricted Period, Executive shall not: (i) solicit or induce, or attempt to solicit or induce, any employee of the Company or its Affiliates to leave the employ of the Company or such Affiliate; or (ii) solicit or attempt to solicit the business of any client or customer of the Company or its Affiliates with respect to products, services, or investments similar to those provided or supplied by the Company or its Affiliates.

2.5 Acknowledgements. Executive acknowledges and agrees that his services to the Company pursuant to this Agreement are unique and extraordinary and that in the course of performing such services Executive shall have access to and knowledge of significant confidential, proprietary, and trade secret information belonging to the Company. Executive agrees that the covenant not to compete and the nonsolicitation obligations imposed by this Section 2 are reasonable in duration, geographic area, and scope and are necessary to protect the Company's legitimate business interests in its goodwill, its confidential, proprietary, and trade secret information, and its investment in the unique and extraordinary services to be provided by Executive pursuant to this Agreement. If, at the time of enforcement of this Section 2, a court holds that the covenant not to compete and/or the nonsolicitation obligations described herein are unreasonable or unenforceable under the circumstances then existing, then the Parties agree that the maximum duration, scope, and/or geographic area legally permissible under such circumstances will be substituted for the duration, scope and/or area stated herein.

3. Compensation of the Executive.

3.1 Base Salary. The Company shall pay Executive a base salary (the ***"Base Salary"***) at the annualized rate of One Hundred Seventy Five Thousand Dollars ($175,000) (it being acknowledged by the parties that $50,000 of the Base Salary for the first year of the Term has been advanced by the Company to the Executive), less payroll deductions and all required withholdings, payable in regular periodic payments in accordance with the Company's normal payroll practices. The Base Salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Annual Milestone Bonus. At the sole discretion of the Board or the compensation committee of the Board (the "***Compensation Committee***"), following each calendar year of employment, Executive shall be eligible to receive an additional cash bonus (the "***Annual Milestone Bonus***"), based (in whole or in part) on Executive's attainment of certain financial, clinical development, and/or business milestones (the "***Milestones***") to be established annually by the Board or the Compensation Committee. The determination of whether Executive has met the Milestones, and if so, the bonus amount (if any) that will be paid, shall be determined by the Board or the Compensation Committee in its sole and absolute discretion. Any Annual Milestone Bonuses shall be paid in cash as either single lump-sum payments or in installments, as determined by the Board or the Compensation Committee. Executive shall also be entitled to any other bonuses at the sole discretion of the Board.

3.3 Stock Options. At the sole discretion of the Board or the Compensation Committee and subject to the terms of the Company's 2012 Amended and Restated Omnibus Securities and Incentive Plan (the *"**Plan**"*), Executive shall be entitled to receive stock options or other securities pursuant to the Plan. The options or other securities will be governed by the Plan and the exercise price per share of any stock options will be equal to the fair market value of a single share of Common Stock on the issuance date in accordance with the Plan.

3.4 Expense Reimbursements. The Company will reimburse Executive for all reasonable business expenses Executive incurs in conducting his duties hereunder, pursuant to the Company's usual expense reimbursement policies, but in no event later than ninety days after the end of the calendar month following the month in which such expenses were incurred by Executive; provided that Executive supplies the appropriate substantiation for such expenses no later than the end of the calendar month following the month in which such expenses were incurred by Executive.

3.5 Changes to Compensation. Executive's compensation will be reviewed at least on an annual basis and the Base Salary may be increased from time to time in the Company's sole discretion. Executive's Base Salary also may be reduced in connection with any Company-wide decrease in executive compensation.

3.6 Employment Taxes. All of Executive's compensation shall be subject to customary withholding taxes and any other employment taxes as are commonly required to be collected or withheld by the Company.

3.7 Benefits. The Executive shall, in accordance with Company policy and the applicable plan documents, be eligible to participate in benefits under any benefit plan or arrangement, including medical, dental, vision, disability and life insurance programs, that may be in effect from time to time and made available to the Company's senior management employees, subject to the terms and conditions of those benefit plans.

3.8 Holidays and Vacation. Executive shall receive no less than three (3) weeks of paid vacation per year, which cannot be taken in one three (3) week increment, but which shall accrue if not used in any year and be paid to Executive or carried forward to subsequent years consistent with Company policy and will receive paid Company holidays in accordance with Company policy.

4. Termination.

4.1 Termination by the Company. Executive's employment with the Company is at will and may be terminated by the Company at any time and for any reason, or for no reason, including, but not limited to, under the following conditions:

4.1.1 Termination by the Company for Cause. The Company may terminate Executive's employment under this Agreement for "Cause" (as defined below) by delivery of written notice to Executive. Any notice of termination given pursuant to this Section 4.1.1 shall effect termination as of the date of the notice, or as of such other date as specified in the notice.

4.1.2 Termination by the Company without Cause. The Company may terminate Executive's employment under this Agreement without Cause at any time and for any reason, or for no reason. Such termination shall be effective on the date Executive is so informed, or as otherwise specified by the Company.

4.2 Termination by Resignation of Executive. Executive's employment with the Company is at will and may be terminated by Executive at any time and for any reason, or for no reason, including via a resignation for Good Reason in accordance with the procedures set forth in Section 4.6.3 below.

4.3 Termination for Death or Complete Disability. Executive's employment with the Company shall automatically terminate effective upon the date of Executive's death or Complete Disability (as defined below).

4.4 Termination by Mutual Agreement of the Parties. Executive's employment with the Company may be terminated at any time upon a mutual agreement in writing of the Parties. Any such termination of employment shall have the consequences specified in such agreement.

4.5 Compensation Upon Termination.

4.5.1 Death or Complete Disability. If, during the Term of this Agreement, Executive's employment shall be terminated by death or Complete Disability, the Company shall pay to Executive, his estate, or his heirs, as applicable, any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive (or his estate or heirs, as applicable) furnishing to the Company an executed waiver and release of claims in the form attached hereto as **Exhibit A** (or in such other form as may later be specified by the Company) (the ***"Release"***) within the time period specified therein, and allowing the Release to become effective in accordance with its terms, then Executive, his estate, or his heirs, as applicable, shall also be entitled to: (1) continuation of Executive's salary (at the Base Salary rate in effect at the time of termination) for a period of ninety (90) days following the termination date; and (2) partial accelerated vesting of each of Executive's outstanding stock options such that, on the effective date of the Release (as defined therein), Executive shall receive immediate accelerated vesting of each option with respect to the same number of shares that would have vested if Executive had continued in employment with the Company through the next anniversary of the grant date for such option, in accordance with the vesting schedule applicable to such option, ***provided, however***, that if the termination date falls on an anniversary of the grant date of any stock option, no accelerated vesting will be provided for such stock option. All stock options that have vested in connection with Executive's termination under this Section 4.5.1 shall remain exercisable for ninety (90) days following such termination. The Base Salary payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.5.2 Termination For Cause or Resignation without Good Reason. If, during the Term of this Agreement, Executive's employment is terminated by the Company for Cause, or Executive resigns his employment hereunder without Good Reason, the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date by meeting the conditions set forth in Section 3.3, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.5.3 Termination Without Cause or Resignation For Good Reason Not In Connection with a Change of Control. If the Company terminates Executive's employment without Cause, or if Executive resigns for Good Reason, at any time other than upon the occurrence of, or within the six (6) months following, the effective date of a Change of Control (as defined below), the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive furnishing to the Company an executed Release within the time period specified therein, and allowing the Release to become effective in accordance with its terms, Executive shall be entitled to: (1) severance in the form of continuation of his salary (at the Base Salary rate in effect at the time of termination) for a period of six (6) months following the termination date; and (2) accelerated vesting of each of Executive's outstanding stock options such that, on the effective date of the Release, Executive shall receive immediate accelerated vesting of each option with respect to the same number of shares that would have vested if Executive had continued in employment with the Company through the next anniversary of the grant date for such option, in accordance with the vesting schedule applicable to such option, ***provided, however***, that if the termination date falls on an anniversary of the grant date of any stock option, no accelerated vesting will be provided for such stock option. All stock options that have vested in connection with Executive's termination under this Section 4.5.3 shall remain exercisable for ninety (90) days following such termination. These payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.5.4 Termination Without Cause or Resignation For Good Reason In Connection with a Change of Control. If the Company terminates Executive's employment without Cause, or if Executive resigns for Good Reason, upon the occurrence of, or within the six (6) months following, the effective date of a Change of Control, the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive furnishing to the Company an executed Release within the time period specified therein, and allowing the Release to become effective in accordance with its terms, then Executive shall be entitled to: (1) severance in the form of continuation of his salary (at the Base Salary rate in effect at the time of termination) for a period of twelve (12) months following the termination date; and (2) immediate accelerated vesting of any unvested shares subject to any outstanding stock option(s), such that, on the effective date of the Release, the Executive shall be vested in one hundred percent (100%) of the shares subject to such option(s). The Base Salary payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

4.6.1 Complete Disability. A termination for ***"Complete Disability"*** shall occur: (i) when the Board has provided a written termination notice to Executive supported by a written statement from a reputable independent physician to the effect that Executive is or shall have become so physically or mentally incapacitated as to be unable to resume, within the ensuing six (6) months, his employment under this Agreement by reason of such physical or mental illness or injury; or (ii) upon rendering of a written termination notice by the Board after the Board determines, in its sole and complete discretion, that Executive has been unable to substantially perform his job duties hereunder for sixty (60) or more consecutive days, or more than one hundred and twenty (120) days in any consecutive twelve (12) month period, by reason of any physical or mental illness or injury. For purposes of this Section, at the Company's request Executive agrees to make himself available and to cooperate in a reasonable examination by a reputable independent physician retained by the Company.

4.6.2 Cause. ***"Cause"*** for the Company to terminate Executive's employment hereunder shall mean the occurrence of any of the following events, as determined by the Company and/or the Board in its and/or their sole and absolute discretion:

(i) The willful failure, disregard or refusal by Executive to perform his material duties or obligations under this Agreement which, to the extent it is curable by the Executive, is not cured within thirty (30) days after written notice thereof is given to Executive by the Company;

(ii) Any willful, intentional or grossly negligent act by Executive having the effect of materially injuring (whether financially or otherwise) the business or reputation of the Company or any of its Affiliates, including but not limited to, any senior officer, director or executive of the Company or any of its Affiliates;

(iii) Willful misconduct by Executive with respect to any of the material duties or obligations of Executive under this Agreement, including, without limitation, willful insubordination with respect to lawful directions received by Executive from the Board which, to the extent it is curable by the Executive, is not cured within thirty (30) days after written notice thereof is given to Executive by the Company;

(iv) Executive's indictment of any felony involving moral turpitude (including entry of a *nolo contendere* plea);

(v) The determination, after a reasonable and good-faith investigation by the Company, that the Executive engaged in some form of harassment or discrimination prohibited by law (including, without limitation, age, sex or race harassment or discrimination);

(vi) Executive's material misappropriation or embezzlement of the property of the Company or its Affiliates (whether or not a misdemeanor or felony); or

(vii) Material breach by Executive of any of the provisions of this Agreement, of any Company policy, and/or of his Proprietary Information and Inventions Agreement.

For purposes of this definition, the Parties agree that any breach of Sections 2 or 5 of this Agreement shall be deemed a material breach that is not capable of cure by Executive.

4.6.3 Good Reason. For purposes of this Agreement, and subject to the caveat at the end of this Section, "Good Reason" for Executive to terminate his employment hereunder shall mean the occurrence of any of the following events without Executive's consent:

(i) a material reduction by the Company of Executive's Base Salary as initially set forth herein or as the same may be increased from time to time, provided, however, that if such reduction occurs in connection with a Company-wide decrease in Executive compensation, such reduction shall not constitute Good Reason for Executive to terminate his employment;

(ii) a material breach of this Agreement by the Company; or

(iii) a material adverse change in Executive's duties, authority, or responsibilities relative to Executive's duties, authority, or responsibilities in effect immediately prior to such reduction.

Provided, however, that, any such termination by Executive shall only be deemed for Good Reason pursuant to this definition if: (1) Executive gives the Company written notice of his intent to terminate for Good Reason within thirty (30) days following the first occurrence of the condition(s) that he believes constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "***Cure Period***"); and (3) Executive voluntarily terminates his employment within thirty (30) days following the end of the Cure Period.

4.6.4 Change of Control. For purposes of this Agreement, "Change of Control" shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events (excluding in any case transactions in which the Company or its successors issues securities to investors primarily for capital raising purposes):

(i) the acquisition by a third party of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction;

(ii) a merger, consolidation or similar transaction following which the stockholders of the Company immediately prior thereto do not own at least fifty percent (50%) of the combined outstanding voting power of the surviving entity (or that entity's parent) in such merger, consolidation or similar transaction;

(iii) the dissolution or liquidation of the Company; or

(iv) the sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

4.7 Survival of Certain Sections. Sections 2, 4, 5, 6, 7, 8, 9, 12, 13, 16, 17 and 19 of this Agreement will survive the termination of this Agreement.

4.8 Parachute Payment. If any payment or benefit the Executive would receive pursuant to this Agreement (***"Payment"***) would (i) constitute a ***"Parachute Payment"*** within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the ***"Code"***), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the ***"Excise Tax"***), then such Payment shall be reduced to the Reduced Amount. The ***"Reduced Amount"*** shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion of the Payment, which such amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in the Executive's receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting Parachute Payments is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order: (i) reduction of cash payments; (ii) cancellation of accelerated vesting of equity awards other than stock options; (iii) cancellation of accelerated vesting of stock options; and (iv) reduction of other benefits paid to Executive. Within any such category of payments and benefits (that is, (i), (ii), (iii) or (iv)), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A (as defined in Section 4.9 below) and then with respect to amounts that are. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled, subject to the immediately preceding sentence, in the reverse order of the date of grant.

In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount (as determined pursuant to clause (x) in the preceding paragraph) is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined in accordance with clause (y) in the preceding paragraph, Executive will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

Unless Executive and the Company agree on an alternative accounting, law or consulting firm, the accounting firm then engaged by the Company for general tax compliance purposes shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting, law or consulting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting, law or consulting firm required to be made hereunder.

The Company shall use commercially reasonable efforts such that the accounting, law or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Executive or the Company) or such other time as requested by the Executive or the Company.

4.9 Application of Internal Revenue Code Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement (the "***Severance Benefits***") that constitute "deferred compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively "***Section 409A***") shall not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h) ("***Separation From Service***"), unless the Company reasonably determines that such amounts may be provided to Executive without causing Executive to incur the additional 20% tax under Section 409A.

It is intended that each installment of the Severance Benefits payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the Severance Benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that the Severance Benefits constitute "deferred compensation" under Section 409A and Executive is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's Separation From Service, or (ii) the date of Executive's death (such applicable date, the "***Specified Employee Initial Payment Date***"), the Company (or the successor entity thereto, as applicable) shall (A) pay to Executive a lump sum amount equal to the sum of the Severance Benefit payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this Section and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Notwithstanding anything to the contrary set forth herein, Executive shall receive the Severance Benefits described above, if and only if Executive duly executes and returns to the Company within the applicable time period set forth therein, but in no event more than forty-five days following Separation From Service, a separation agreement containing the Company's standard form of release of claims in favor of the Company (attached to this Agreement as **Exhibit A**) and other standard provisions, including without limitation, those relating to non-disparagement and confidentiality (the "***Separation Agreement***"), and permits the release of claims contained therein to become effective in accordance with its terms. Notwithstanding any other payment schedule set forth in this Agreement, none of the Severance Benefits will be paid or otherwise delivered prior to the effective date of the Separation Agreement. Except to the extent that payments may be delayed until the Specified Employee Initial Payment Date pursuant to the preceding paragraph, on the first regular payroll pay day following the effective date of the Separation Agreement, the Company will pay Executive the Severance Benefits Executive would otherwise have received under the Agreement on or prior to such date but for the delay in payment related to the effectiveness of the Separation Agreement, with the balance of the Severance Benefits being paid as originally scheduled. All amounts payable under the Agreement will be subject to standard payroll taxes and deductions.

5. Confidential And Proprietary Information.

As a condition of employment Executive agrees to execute and abide by the Company's Proprietary Information and Inventions Agreement (***"PIIA"***).

6. Assignment and Binding Effect.

This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any tie, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

7. Notices.

All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or faxed during normal business hours or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

MetaStat, Inc.
8 Hillside Avenue, Suite 207
Montclair, NJ 07042
Attn: President

If to Executive:

Oscar L. Bronsther
[_____]
[_____]

Any such written notice shall be deemed given on the earlier of the date on which such notice is personally delivered or three (3) days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this Section.

8. Choice of Law.

This Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York without regard to its conflict of laws principles.

9. Integration.

This Agreement, including **Exhibit A** and the PIIA, contains the complete, final and exclusive agreement of the Parties relating to the terms and conditions of Executive's employment and the termination of Executive's employment, and supersedes all prior and contemporaneous oral and written employment agreements or arrangements between the Parties.

10. Amendment.

This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

11. Waiver.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12. Severability.

The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term, or provision.

13. Interpretation; Construction.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but the Executive has been encouraged to consult with, and has consulted with, Executive's own independent counsel and tax advisors with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

14. Representations and Warranties.

Executive represents and warrants that Executive is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that Executive's execution and performance of this Agreement will not violate or breach any other agreements between the Executive and any other person or entity.

15. Counterparts.

This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall contribute one and the same instrument. Signatures to this Agreement transmitted by fax, by email in "portable document format" (".pdf") or by any other electronic means intended to preserve the original graphic and pictorial appearance of this Agreement shall have the same effect as physical delivery of the paper document bearing original signature.

16. Arbitration.

To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to Executive's employment, or the termination of that employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration pursuant to the Federal Arbitration Act in New York, New York conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. (***"JAMS"***), or its successors, under the then current rules of JAMS for employment disputes; provided that the arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. Accordingly, Executive and the Company hereby waive any right to a jury trial. Both Executive and the Company shall be entitled to all rights and remedies that either Executive or the Company would be entitled to pursue in a court of law. The Company shall pay any JAMS filing fee and shall pay the arbitrator's fee. The arbitrator shall have the discretion to award attorneys fees to the party the arbitrator determines is the prevailing party in the arbitration. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by Court action instead of arbitration.

17. Indemnification.

The Company shall defend and indemnify Executive in his capacity as Chief Executive Officer and Chief Medical Officer of the Company to the fullest extent permitted under the Nevada Private Corporations Law. The Company shall also maintain a policy for indemnifying its officers and directors, including but not limited to the Executive, for all actions permitted under the Nevada Private Corporations Law taken in good faith pursuit of their duties for the Company, including but not limited to maintaining an appropriate level of Directors and Officers Liability coverage and maintaining the inclusion of such provisions in the Company's by-laws or articles of incorporation, as applicable and customary. The rights to indemnification shall survive any termination of this Agreement.

18. Trade Secrets Of Others.

It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its Affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its Affiliates, and the Company and/or its Affiliates shall not request, any documents or copies of documents containing such information.

19. Advertising Waiver.

Executive agrees to permit the Company, and persons or other organizations authorized by the Company, to use, publish and distribute advertising or sales promotional literature concerning the products and/or services of the Company, or the machinery and equipment used in the provision thereof, in which Executive's name and/or pictures of Executive taken in the course of Executive's provision of services to the Company appear. Executive hereby waives and releases any claim or right Executive may otherwise have arising out of such use, publication or distribution.

In Witness Whereof, the Parties have executed this Agreement as of the date first above written.

MetaStat, Inc.

By: /s/ Warren C. Lau
Name: Warren C. Lau
Its: President

Dated:

Executive:
/s/ Oscar L. Bronsther
Oscar L. Bronsther

Dated: May 27, 2013

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

TO BE SIGNED ON OR FOLLOWING THE SEPARATION DATE ONLY

In consideration of the payments and other benefits set forth in the Employment Agreement effective as of May 27, 2013, to which this form is attached, I, Oscar L. Bronsther, hereby furnish **MetaStat, Inc.** (the ***"Company"***), with the following release and waiver (***"Release and Waiver"***).

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, I hereby generally and completely release the Company and its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date that I sign this Agreement (collectively, the "***Released Claims***"). The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, misclassification, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "***ADEA***"), the fair employment practices statutes of the state or states in which I have provided services to the Company and/or any other federal, state or local law, regulation or other requirement. Notwithstanding the foregoing, the following are not included in the Released Claims (the "***Excluded Claims***"): (a) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party, the charter, bylaws, or operating agreements of the Company, or under applicable law; (b) any rights or claims to unemployment compensation, funds accrued in my 401k account, or any vested equity incentives; (c) any rights that are not waivable as a matter of law; or (d) any claims arising from the breach of this Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I expressly waive and relinquish any and all rights and benefits under any applicable law or statute providing, in substance, that a general release does not extend to claims which a party does not know or suspect to exist in his or his favor at the time of executing the release, which if known by him or his would have materially affected the terms of such release.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. If I am 40 years of age or older upon execution of this Release and Waiver, I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; and (c) I have twenty-one (21) days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); (d) I have seven (7) days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver; and (e) this Release and Waiver shall not be effective until the seven (7) day revocation period has expired without my having previously revoked this Release and Waiver.

I acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement. Pursuant to the Proprietary Information and Inventions Agreement I understand that among other things, I must not use or disclose any confidential or proprietary information of the Company and I must immediately return all Company property and documents (including all embodiments of proprietary information) and all copies thereof in my possession or control. I understand and agree that my right to the severance pay I am receiving in exchange for my agreement to the terms of this Release and Waiver is contingent upon my continued compliance with my Proprietary Information and Inventions Agreement.

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company.

Date: _____ By: _____

Exhibit 10.14

METASTAT, INC.
EMPLOYMENT AGREEMENT

This **Employment Agreement** (this ***"Agreement"***) is made and entered into on May 27, 2013 (the "***Effective Date***") by and between MetaStat, Inc. (the ***"Company"***) and Warren C. Lau (***"Executive"***). The Company and Executive are hereinafter collectively referred to as the ***"Parties"***, and individually referred to as a ***"Party"***.

Recitals

A. The Company desires assurance of the association and services of Executive in order to retain Executive's experience, skills, abilities, background and knowledge, and is willing to engage Executive's services on the terms and conditions set forth in this Agreement.

B. Executive previously entered into an employment agreement with the Company and/or its subsidiaries dated as of August 1, 2010 (the "***Prior Employment Agreement***") and the Parties hereto desire to terminate the Prior Employment Agreement and enter into this Agreement.

C. Executive desires to be in the employ of the Company, and is willing to accept such employment on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. Employment.

1.1 Title. Effective as of the Effective Date, Executive's position shall be President and Chief Financial Officer, subject to the terms and conditions set forth in this Agreement.

1.2 Term. The term of this Agreement shall begin on the Effective Date and shall continue for a period of one (1) year or until it is terminated pursuant to Section 4 herein; provided, however, the parties may mutually agree to renew this Agreement for an additional one (1) year period by providing written notice to the other party no later than thirty (30) days prior to the expiration of the initial one (1) year term hereof (the ***"Term"***).

1.3 Duties. Executive shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and that are normally associated with the position of President and Chief Financial Officer. Executive shall report to the Company's Chief Executive Officer.

1.4 Policies and Practices. The employment relationship between the Parties shall be governed by this Agreement and by the policies and practices established by the Company and/or the Board of Directors ("***Board***"), or any designated committee thereof. In the event that the terms of this Agreement differ from or are in conflict with the Company's policies or practices or the Company's Employee Handbook, this Agreement shall control.

1.5 Location. Unless the Parties otherwise agree in writing, during the Term Executive shall perform the services that he is required to perform pursuant to this Agreement from the Company's offices in Montclair, New Jersey, ***provided, however*****,** that the Company may from time to time require him to travel temporarily to other locations in connection with the Company's business.

1.6 Prior Employment Agreement. The Parties agree that the Prior Employment Agreement is hereby terminated and shall be deemed null, void and of no further force or effect.

2. Loyalty; Noncompetition; Nonsolicitation.

2.1 Loyalty. During Executive's employment by the Company, Executive shall devote the majority of Executive's business energies, interest, abilities and productive time to the proper and efficient performance of Executive's duties under this Agreement. Notwithstanding the foregoing, except as otherwise agreed to in writing, Executive shall have the right to perform such incidental services as are necessary in connection with (a) his private passive investments, (b) his charitable or community activities, (c) his participation in trade or professional organizations, and (d) his service on the board of directors (or comparable body) of any third-party corporate entity that is not a Competitive Entity (as defined in Section 2.3), so long as these activities do not interfere with Executive's duties hereunder and, with respect to (d), Executive obtains prior Company consent, which consent will not be unreasonably withheld.

2.2 Agreement not to Participate in Company's Competitors. During the Term, Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known by Executive to be adverse or antagonistic to the Company, its business, or prospects, financial or otherwise, or in any company, person, or entity that is, directly or indirectly, in competition with the business of the Company or any of its Affiliates (as defined below). Ownership by Executive, in professionally managed funds over which the Executive does not have control or discretion in investment decisions, or as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute a breach of this Section. For purposes of this Agreement, ***"Affiliate,"*** means, with respect to any specific entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified entity.

2.3 Covenant not to Compete. During the Term and for a period of six (6) months thereafter, or in the event the Executive is terminated or resigns pursuant to the terms of Section 4.5.4 hereof, for a period of twelve (12) months thereafter (the "***Restricted Period***"), Executive shall not engage in competition with the Company and/or any of its Affiliates, either directly or indirectly, in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, or member of any association or otherwise, in any phase of the business of developing, manufacturing and marketing of cancer diagnostic tests (a "***Competitive Entity***"), except with the prior written consent of the Board.

2.4 Nonsolicitation. During the Restricted Period, Executive shall not: (i) solicit or induce, or attempt to solicit or induce, any employee of the Company or its Affiliates to leave the employ of the Company or such Affiliate; or (ii) solicit or attempt to solicit the business of any client or customer of the Company or its Affiliates with respect to products, services, or investments similar to those provided or supplied by the Company or its Affiliates.

2.5 Acknowledgements. Executive acknowledges and agrees that his services to the Company pursuant to this Agreement are unique and extraordinary and that in the course of performing such services Executive shall have access to and knowledge of significant confidential, proprietary, and trade secret information belonging to the Company. Executive agrees that the covenant not to compete and the nonsolicitation obligations imposed by this Section 2 are reasonable in duration, geographic area, and scope and are necessary to protect the Company's legitimate business interests in its goodwill, its confidential, proprietary, and trade secret information, and its investment in the unique and extraordinary services to be provided by Executive pursuant to this Agreement. If, at the time of enforcement of this Section 2, a court holds that the covenant not to compete and/or the nonsolicitation obligations described herein are unreasonable or unenforceable under the circumstances then existing, then the Parties agree that the maximum duration, scope, and/or geographic area legally permissible under such circumstances will be substituted for the duration, scope and/or area stated herein.

3. Compensation of the Executive.

3.1 Base Salary. The Company shall pay Executive a base salary at the annualized rate of One Hundred Seventy Five Thousand Dollars ($175,000) (the ***"Base Salary"***), less payroll deductions and all required withholdings, payable in regular periodic payments in accordance with the Company's normal payroll practices. The Base Salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Annual Milestone Bonus. At the sole discretion of the Board or the compensation committee of the Board (the "***Compensation Committee***"), following each calendar year of employment, Executive shall be eligible to receive an additional cash bonus (the "***Annual Milestone Bonus***"), based (in whole or in part) on Executive's attainment of certain financial, clinical development, and/or business milestones (the "***Milestones***") to be established annually by the Board or the Compensation Committee. The determination of whether Executive has met the Milestones, and if so, the bonus amount (if any) that will be paid, shall be determined by the Board or the Compensation Committee in its sole and absolute discretion. Any Annual Milestone Bonuses shall be paid in cash as either single lump-sum payments or in installments, as determined by the Board or the Compensation Committee. Executive shall also be entitled to any other bonuses at the sole discretion of the Board.

3.3 Stock Options. At the sole discretion of the Board or the Compensation Committee and subject to the terms of the Company's 2012 Amended and Restated Omnibus Securities and Incentive Plan (the *"**Plan**"*), Executive shall be entitled to receive stock options or other securities pursuant to the Plan. The options or other securities will be governed by the Plan and the exercise price per share of any stock options will be equal to the fair market value of a single share of Common Stock on the issuance date in accordance with the Plan.

3.4 Expense Reimbursements. The Company will reimburse Executive for all reasonable business expenses Executive incurs in conducting his duties hereunder, pursuant to the Company's usual expense reimbursement policies, but in no event later than ninety days after the end of the calendar month following the month in which such expenses were incurred by Executive; provided that Executive supplies the appropriate substantiation for such expenses no later than the end of the calendar month following the month in which such expenses were incurred by Executive.

3.5 Changes to Compensation. Executive's compensation will be reviewed at least on an annual basis and the Base Salary may be increased from time to time in the Company's sole discretion. Executive's Base Salary also may be reduced in connection with any Company-wide decrease in executive compensation.

3.6 Employment Taxes. All of Executive's compensation shall be subject to customary withholding taxes and any other employment taxes as are commonly required to be collected or withheld by the Company.

3.7 Benefits. The Executive shall, in accordance with Company policy and the applicable plan documents, be eligible to participate in benefits under any benefit plan or arrangement, including medical, dental, vision, disability and life insurance programs, that may be in effect from time to time and made available to the Company's senior management employees, subject to the terms and conditions of those benefit plans.

3.8 Holidays and Vacation. Executive shall receive no less than three (3) weeks of paid vacation per year, which cannot be taken in one three (3) week increment, but which shall accrue if not used in any year and be paid to Executive or carried forward to subsequent years consistent with Company policy and will receive paid Company holidays in accordance with Company policy.

4. Termination.

4.1 Termination by the Company. Executive's employment with the Company is at will and may be terminated by the Company at any time and for any reason, or for no reason, including, but not limited to, under the following conditions:

4.1.1 Termination by the Company for Cause. The Company may terminate Executive's employment under this Agreement for "Cause" (as defined below) by delivery of written notice to Executive. Any notice of termination given pursuant to this Section 4.1.1 shall effect termination as of the date of the notice, or as of such other date as specified in the notice.

4.1.2 Termination by the Company without Cause. The Company may terminate Executive's employment under this Agreement without Cause at any time and for any reason, or for no reason. Such termination shall be effective on the date Executive is so informed, or as otherwise specified by the Company.

4.2 Termination by Resignation of Executive. Executive's employment with the Company is at will and may be terminated by Executive at any time and for any reason, or for no reason, including via a resignation for Good Reason in accordance with the procedures set forth in Section 4.6.3 below.

4.3 Termination for Death or Complete Disability. Executive's employment with the Company shall automatically terminate effective upon the date of Executive's death or Complete Disability (as defined below).

4.4 Termination by Mutual Agreement of the Parties. Executive's employment with the Company may be terminated at any time upon a mutual agreement in writing of the Parties. Any such termination of employment shall have the consequences specified in such agreement.

4.5 Compensation Upon Termination.

4.5.1 Death or Complete Disability. If, during the Term of this Agreement, Executive's employment shall be terminated by death or Complete Disability, the Company shall pay to Executive, his estate, or his heirs, as applicable, any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive (or his estate or heirs, as applicable) furnishing to the Company an executed waiver and release of claims in the form attached hereto as **Exhibit A** (or in such other form as may later be specified by the Company) (the ***"Release"***) within the time period specified therein, and allowing the Release to become effective in accordance with its terms, then Executive, his estate, or his heirs, as applicable, shall also be entitled to: (1) continuation of Executive's salary (at the Base Salary rate in effect at the time of termination) for a period of ninety (90) days following the termination date; and (2) partial accelerated vesting of each of Executive's outstanding stock options such that, on the effective date of the Release (as defined therein), Executive shall receive immediate accelerated vesting of each option with respect to the same number of shares that would have vested if Executive had continued in employment with the Company through the next anniversary of the grant date for such option, in accordance with the vesting schedule applicable to such option, ***provided, however***, that if the termination date falls on an anniversary of the grant date of any stock option, no accelerated vesting will be provided for such stock option. All stock options that have vested in connection with Executive's termination under this Section 4.5.1 shall remain exercisable for ninety (90) days following such termination. The Base Salary payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.5.2 Termination For Cause or Resignation without Good Reason. If, during the Term of this Agreement, Executive's employment is terminated by the Company for Cause, or Executive resigns his employment hereunder without Good Reason, the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date by meeting the conditions set forth in Section 3.3, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.5.3 Employment Agreement Not Renewed Beyond Initial Term; Termination Without Cause or Resignation For Good Reason Not In Connection with a Change of Control. In the event this Agreement is not renewed beyond the one (1) year initial Term in accordance with Section 1.2 hereof, or if the Company terminates Executive's employment without Cause, or if Executive resigns for Good Reason, at any time other than upon the occurrence of, or within the six (6) months following, the effective date of a Change of Control (as defined below), the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive furnishing to the Company an executed Release within the time period specified therein, and allowing the Release to become effective in accordance with its terms, Executive shall be entitled to: (1) severance in the form of continuation of his salary (at the Base Salary rate in effect at the time of termination) for a period of six (6) months following the termination date; and (2) accelerated vesting of each of Executive's outstanding stock options such that, on the effective date of the Release, Executive shall receive immediate accelerated vesting of each option with respect to the same number of shares that would have vested if Executive had continued in employment with the Company through the next anniversary of the grant date for such option, in accordance with the vesting schedule applicable to such option, ***provided, however***, that if the termination date falls on an anniversary of the grant date of any stock option, no accelerated vesting will be provided for such stock option. All stock options that have vested in connection with Executive's termination under this Section 4.5.3 shall remain exercisable for ninety (90) days following such termination. These payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.5.4 Termination Without Cause or Resignation For Good Reason In Connection with a Change of Control. If the Company terminates Executive's employment without Cause, or if Executive resigns for Good Reason, upon the occurrence of, or within the six (6) months following, the effective date of a Change of Control, the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive furnishing to the Company an executed Release within the time period specified therein, and allowing the Release to become effective in accordance with its terms, then Executive shall be entitled to: (1) severance in the form of continuation of his salary (at the Base Salary rate in effect at the time of termination) for a period of twelve (12) months following the termination date; and (2) immediate accelerated vesting of any unvested shares subject to any outstanding stock option(s), such that, on the effective date of the Release, the Executive shall be vested in one hundred percent (100%) of the shares subject to such option(s). The Base Salary payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

4.6.1 Complete Disability. A termination for ***"Complete Disability"*** shall occur: (i) when the Board has provided a written termination notice to Executive supported by a written statement from a reputable independent physician to the effect that Executive is or shall have become so physically or mentally incapacitated as to be unable to resume, within the ensuing six (6) months, his employment under this Agreement by reason of such physical or mental illness or injury; or (ii) upon rendering of a written termination notice by the Board after the Board determines, in its sole and complete discretion, that Executive has been unable to substantially perform his job duties hereunder for sixty (60) or more consecutive days, or more than one hundred and twenty (120) days in any consecutive twelve (12) month period, by reason of any physical or mental illness or injury. For purposes of this Section, at the Company's request Executive agrees to make himself available and to cooperate in a reasonable examination by a reputable independent physician retained by the Company.

4.6.2 Cause. ***"Cause"*** for the Company to terminate Executive's employment hereunder shall mean the occurrence of any of the following events, as determined by the Company and/or the Board in its and/or their sole and absolute discretion:

(i) The willful failure, disregard or refusal by Executive to perform his material duties or obligations under this Agreement which, to the extent it is curable by the Executive, is not cured within thirty (30) days after written notice thereof is given to Executive by the Company;

(ii) Any willful, intentional or grossly negligent act by Executive having the effect of materially injuring (whether financially or otherwise) the business or reputation of the Company or any of its Affiliates, including but not limited to, any senior officer, director or executive of the Company or any of its Affiliates;

(iii) Willful misconduct by Executive with respect to any of the material duties or obligations of Executive under this Agreement, including, without limitation, willful insubordination with respect to lawful directions received by Executive from the Board which, to the extent it is curable by the Executive, is not cured within thirty (30) days after written notice thereof is given to Executive by the Company;

(iv) Executive's indictment of any felony involving moral turpitude (including entry of a *nolo contendere* plea);

(v) The determination, after a reasonable and good-faith investigation by the Company, that the Executive engaged in some form of harassment or discrimination prohibited by law (including, without limitation, age, sex or race harassment or discrimination);

(vi) Executive's material misappropriation or embezzlement of the property of the Company or its Affiliates (whether or not a misdemeanor or felony); or

(vii) Material breach by Executive of any of the provisions of this Agreement, of any Company policy, and/or of his Proprietary Information and Inventions Agreement.

For purposes of this definition, the Parties agree that any breach of Sections 2 or 5 of this Agreement shall be deemed a material breach that is not capable of cure by Executive.

4.6.3 Good Reason. For purposes of this Agreement, and subject to the caveat at the end of this Section, "Good Reason" for Executive to terminate his employment hereunder shall mean the occurrence of any of the following events without Executive's consent:

(i) a material reduction by the Company of Executive's Base Salary as initially set forth herein or as the same may be increased from time to time, provided, however, that if such reduction occurs in connection with a Company-wide decrease in Executive compensation, such reduction shall not constitute Good Reason for Executive to terminate his employment;

(ii) a material breach of this Agreement by the Company;

(iii) a material adverse change in Executive's duties, authority, or responsibilities relative to Executive's duties, authority, or responsibilities in effect immediately prior to such reduction; or

(iv) a requirement by the Company for the Executive to relocate his Company provided workspace more than fifty (50) miles from his residence.

Provided, however, that, any such termination by Executive shall only be deemed for Good Reason pursuant to this definition if: (1) Executive gives the Company written notice of his intent to terminate for Good Reason within thirty (30) days following the first occurrence of the condition(s) that he believes constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "***Cure Period***"); and (3) Executive voluntarily terminates his employment within thirty (30) days following the end of the Cure Period.

4.6.4 Change of Control. For purposes of this Agreement, "Change of Control" shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events (excluding in any case transactions in which the Company or its successors issues securities to investors primarily for capital raising purposes):

(i) the acquisition by a third party of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction;

(ii) a merger, consolidation or similar transaction following which the stockholders of the Company immediately prior thereto do not own at least fifty percent (50%) of the combined outstanding voting power of the surviving entity (or that entity's parent) in such merger, consolidation or similar transaction;

(iii) the dissolution or liquidation of the Company; or

(iv) the sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

4.7 Survival of Certain Sections. Sections 2, 4, 5, 6, 7, 8, 9, 12, 13, 16, 17 and 19 of this Agreement will survive the termination of this Agreement.

4.8 Parachute Payment. If any payment or benefit the Executive would receive pursuant to this Agreement (***"Payment"***) would (i) constitute a ***"Parachute Payment"*** within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the ***"Code"***), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the ***"Excise Tax"***), then such Payment shall be reduced to the Reduced Amount. The ***"Reduced Amount"*** shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion of the Payment, which such amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in the Executive's receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting Parachute Payments is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order: (i) reduction of cash payments; (ii) cancellation of accelerated vesting of equity awards other than stock options; (iii) cancellation of accelerated vesting of stock options; and (iv) reduction of other benefits paid to Executive. Within any such category of payments and benefits (that is, (i), (ii), (iii) or (iv)), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A (as defined in Section 4.9 below) and then with respect to amounts that are. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled, subject to the immediately preceding sentence, in the reverse order of the date of grant.

In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount (as determined pursuant to clause (x) in the preceding paragraph) is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined in accordance with clause (y) in the preceding paragraph, Executive will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

Unless Executive and the Company agree on an alternative accounting, law or consulting firm, the accounting firm then engaged by the Company for general tax compliance purposes shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting, law or consulting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting, law or consulting firm required to be made hereunder.

The Company shall use commercially reasonable efforts such that the accounting, law or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Executive or the Company) or such other time as requested by the Executive or the Company.

4.9 Application of Internal Revenue Code Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement (the "***Severance Benefits***") that constitute "deferred compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively "***Section 409A***") shall not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h) ("***Separation From Service***"), unless the Company reasonably determines that such amounts may be provided to Executive without causing Executive to incur the additional 20% tax under Section 409A.

It is intended that each installment of the Severance Benefits payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the Severance Benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that the Severance Benefits constitute "deferred compensation" under Section 409A and Executive is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's Separation From Service, or (ii) the date of Executive's death (such applicable date, the "***Specified Employee Initial Payment Date***"), the Company (or the successor entity thereto, as applicable) shall (A) pay to Executive a lump sum amount equal to the sum of the Severance Benefit payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this Section and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Notwithstanding anything to the contrary set forth herein, Executive shall receive the Severance Benefits described above, if and only if Executive duly executes and returns to the Company within the applicable time period set forth therein, but in no event more than forty-five days following Separation From Service, a separation agreement containing the Company's standard form of release of claims in favor of the Company (attached to this Agreement as **Exhibit A**) and other standard provisions, including without limitation, those relating to non-disparagement and confidentiality (the "***Separation Agreement***"), and permits the release of claims contained therein to become effective in accordance with its terms. Notwithstanding any other payment schedule set forth in this Agreement, none of the Severance Benefits will be paid or otherwise delivered prior to the effective date of the Separation Agreement. Except to the extent that payments may be delayed until the Specified Employee Initial Payment Date pursuant to the preceding paragraph, on the first regular payroll pay day following the effective date of the Separation Agreement, the Company will pay Executive the Severance Benefits Executive would otherwise have received under the Agreement on or prior to such date but for the delay in payment related to the effectiveness of the Separation Agreement, with the balance of the Severance Benefits being paid as originally scheduled. All amounts payable under the Agreement will be subject to standard payroll taxes and deductions.

5. Confidential And Proprietary Information.

As a condition of employment Executive agrees to execute and abide by the Company's Proprietary Information and Inventions Agreement (***"PIIA"***).

6. Assignment and Binding Effect.

This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any tie, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

7. Notices.

All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or faxed during normal business hours or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

MetaStat, Inc.
8 Hillside Avenue, Suite 207
Montclair, NJ 07042
Attn: Chief Executive Officer

If to Executive:

Warren C. Lau
[_____]
[_____]

Any such written notice shall be deemed given on the earlier of the date on which such notice is personally delivered or three (3) days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this Section.

8. Choice of Law.

This Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York without regard to its conflict of laws principles.

9. Integration.

This Agreement, including **Exhibit A** and the PIIA, contains the complete, final and exclusive agreement of the Parties relating to the terms and conditions of Executive's employment and the termination of Executive's employment, and supersedes all prior and contemporaneous oral and written employment agreements or arrangements between the Parties.

10. Amendment.

This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

11. Waiver.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12. Severability.

The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term, or provision.

13. Interpretation; Construction.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but the Executive has been encouraged to consult with, and has consulted with, Executive's own independent counsel and tax advisors with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

14. Representations and Warranties.

Executive represents and warrants that Executive is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that Executive's execution and performance of this Agreement will not violate or breach any other agreements between the Executive and any other person or entity.

15. Counterparts.

This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall contribute one and the same instrument. Signatures to this Agreement transmitted by fax, by email in "portable document format" (".pdf") or by any other electronic means intended to preserve the original graphic and pictorial appearance of this Agreement shall have the same effect as physical delivery of the paper document bearing original signature.

16. Arbitration.

To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to Executive's employment, or the termination of that employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration pursuant to the Federal Arbitration Act in New York, New York conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. (***"JAMS"***), or its successors, under the then current rules of JAMS for employment disputes; provided that the arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. Accordingly, Executive and the Company hereby waive any right to a jury trial. Both Executive and the Company shall be entitled to all rights and remedies that either Executive or the Company would be entitled to pursue in a court of law. The Company shall pay any JAMS filing fee and shall pay the arbitrator's fee. The arbitrator shall have the discretion to award attorneys fees to the party the arbitrator determines is the prevailing party in the arbitration. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by Court action instead of arbitration.

17. Indemnification.

The Company shall defend and indemnify Executive in his capacity as President of the Company to the fullest extent permitted under the Nevada Private Corporations Law. The Company shall also maintain a policy for indemnifying its officers and directors, including but not limited to the Executive, for all actions permitted under the Nevada Private Corporations Law taken in good faith pursuit of their duties for the Company, including but not limited to maintaining an appropriate level of Directors and Officers Liability coverage and maintaining the inclusion of such provisions in the Company's by-laws or articles of incorporation, as applicable and customary. The rights to indemnification shall survive any termination of this Agreement.

18. Trade Secrets Of Others.

It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its Affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its Affiliates, and the Company and/or its Affiliates shall not request, any documents or copies of documents containing such information.

19. Advertising Waiver.

Executive agrees to permit the Company, and persons or other organizations authorized by the Company, to use, publish and distribute advertising or sales promotional literature concerning the products and/or services of the Company, or the machinery and equipment used in the provision thereof, in which Executive's name and/or pictures of Executive taken in the course of Executive's provision of services to the Company appear. Executive hereby waives and releases any claim or right Executive may otherwise have arising out of such use, publication or distribution.

In Witness Whereof, the Parties have executed this Agreement as of the date first above written.

MetaStat, Inc.

By: /s/ Oscar L. Bronsther
Name: Oscar L. Bronsther
Its: Chief Executive Officer

Dated:

Executive:

/s/ Warren C. Lau
Warren C. Lau

Dated: May 27, 2013

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

TO BE SIGNED ON OR FOLLOWING THE SEPARATION DATE ONLY

In consideration of the payments and other benefits set forth in the Employment Agreement effective as of May 27, 2013, to which this form is attached, I, Warren C. Lau, hereby furnish **MetaStat, Inc.** (the ***"Company"***), with the following release and waiver (***"Release and Waiver"***).

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, I hereby generally and completely release the Company and its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date that I sign this Agreement (collectively, the "***Released Claims***"). The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, misclassification, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "***ADEA***"), the fair employment practices statutes of the state or states in which I have provided services to the Company and/or any other federal, state or local law, regulation or other requirement. Notwithstanding the foregoing, the following are not included in the Released Claims (the "***Excluded Claims***"): (a) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party, the charter, bylaws, or operating agreements of the Company, or under applicable law; (b) any rights or claims to unemployment compensation, funds accrued in my 401k account, or any vested equity incentives; (c) any rights that are not waivable as a matter of law; or (d) any claims arising from the breach of this Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I expressly waive and relinquish any and all rights and benefits under any applicable law or statute providing, in substance, that a general release does not extend to claims which a party does not know or suspect to exist in his or his favor at the time of executing the release, which if known by him or his would have materially affected the terms of such release.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. If I am 40 years of age or older upon execution of this Release and Waiver, I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; and (c) I have twenty-one (21) days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); (d) I have seven (7) days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver; and (e) this Release and Waiver shall not be effective until the seven (7) day revocation period has expired without my having previously revoked this Release and Waiver.

I acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement. Pursuant to the Proprietary Information and Inventions Agreement I understand that among other things, I must not use or disclose any confidential or proprietary information of the Company and I must immediately return all Company property and documents (including all embodiments of proprietary information) and all copies thereof in my possession or control. I understand and agree that my right to the severance pay I am receiving in exchange for my agreement to the terms of this Release and Waiver is contingent upon my continued compliance with my Proprietary Information and Inventions Agreement.

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company.

Date: _____ By: _____

Exhibit 10.15

METASTAT, INC.
EMPLOYMENT AGREEMENT

This **Employment Agreement** (this ***"Agreement"***) is made and entered into on May 27, 2013 (the "***Effective Date***") by and between MetaStat, Inc. (the ***"Company"***) and Daniel H. Schneiderman (***"Executive"***). The Company and Executive are hereinafter collectively referred to as the ***"Parties"***, and individually referred to as a ***"Party"***.

Recitals

A. The Company desires assurance of the association and services of Executive in order to retain Executive's experience, skills, abilities, background and knowledge, and is willing to engage Executive's services on the terms and conditions set forth in this Agreement.

B. Executive desires to be in the employ of the Company, and is willing to accept such employment on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. Employment.

1.1 Title. Effective as of the Effective Date, Executive's position shall be Vice President of Finance, subject to the terms and conditions set forth in this Agreement.

1.2 Term. The term of this Agreement shall begin on the Effective Date and shall continue until it is terminated pursuant to Section 4 herein (the ***"Term"***).

1.3 Duties. Executive shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and that are normally associated with the position of Vice President of Finance. Executive shall report to the Company's Chief Executive Officer.

1.4 Policies and Practices. The employment relationship between the Parties shall be governed by this Agreement and by the policies and practices established by the Company and/or the Board of Directors ("***Board***"), or any designated committee thereof. In the event that the terms of this Agreement differ from or are in conflict with the Company's policies or practices or the Company's Employee Handbook, this Agreement shall control.

1.5 Location. Unless the Parties otherwise agree in writing, during the Term Executive shall perform the services that he is required to perform pursuant to this Agreement from the Company's offices in Montclair, New Jersey, ***provided, however*****,** that the Company may from time to time require him to travel temporarily to other locations in connection with the Company's business.

2. Loyalty; Noncompetition; Nonsolicitation.

2.1 Loyalty. During Executive's employment by the Company, Executive shall devote Executive's full business energies, interest, abilities and productive time to the proper and efficient performance of Executive's duties under this Agreement. Notwithstanding the foregoing, except as otherwise agreed to in writing, Executive shall have the right to perform such incidental services as are necessary in connection with (a) his private passive investments, (b) his charitable or community activities, (c) his participation in trade or professional organizations, and (d) his service on the board of directors (or comparable body) of any third-party corporate entity that is not a Competitive Entity (as defined in Section 2.3), so long as these activities do not interfere with Executive's duties hereunder and, with respect to (d), Executive obtains prior Company consent, which consent will not be unreasonably withheld.

2.2 Agreement not to Participate in Company's Competitors. During the Term, Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known by Executive to be adverse or antagonistic to the Company, its business, or prospects, financial or otherwise, or in any company, person, or entity that is, directly or indirectly, in competition with the business of the Company or any of its Affiliates (as defined below). Ownership by Executive, in professionally managed funds over which the Executive does not have control or discretion in investment decisions, or as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute a breach of this Section. For purposes of this Agreement, ***"Affiliate,"*** means, with respect to any specific entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified entity.

2.3 Covenant not to Compete. During the Term and for a period of six (6) months thereafter, or in the event the Executive is terminated or resigns pursuant to the terms of Section 4.5.4 hereof, for a period of twelve (12) months thereafter (the "***Restricted Period***"), Executive shall not engage in competition with the Company and/or any of its Affiliates, either directly or indirectly, in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, or member of any association or otherwise, in any phase of the business of developing, manufacturing and marketing of cancer diagnostic tests (a "***Competitive Entity***"), except with the prior written consent of the Board.

2.4 Nonsolicitation. During the Restricted Period, Executive shall not: (i) solicit or induce, or attempt to solicit or induce, any employee of the Company or its Affiliates to leave the employ of the Company or such Affiliate; or (ii) solicit or attempt to solicit the business of any client or customer of the Company or its Affiliates with respect to products, services, or investments similar to those provided or supplied by the Company or its Affiliates.

2.5 Acknowledgements. Executive acknowledges and agrees that his services to the Company pursuant to this Agreement are unique and extraordinary and that in the course of performing such services Executive shall have access to and knowledge of significant confidential, proprietary, and trade secret information belonging to the Company. Executive agrees that the covenant not to compete and the nonsolicitation obligations imposed by this Section 2 are reasonable in duration, geographic area, and scope and are necessary to protect the Company's legitimate business interests in its goodwill, its confidential, proprietary, and trade secret information, and its investment in the unique and extraordinary services to be provided by Executive pursuant to this Agreement. If, at the time of enforcement of this Section 2, a court holds that the covenant not to compete and/or the nonsolicitation obligations described herein are unreasonable or unenforceable under the circumstances then existing, then the Parties agree that the maximum duration, scope, and/or geographic area legally permissible under such circumstances will be substituted for the duration, scope and/or area stated herein.

3. Compensation of the Executive.

3.1 Base Salary. The Company shall pay Executive a base salary at the annualized rate of One Hundred Twenty Five Thousand Dollars ($125,000) (the ***"Base Salary"***), less payroll deductions and all required withholdings, payable in regular periodic payments in accordance with the Company's normal payroll practices. The Base Salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Annual Milestone Bonus. At the sole discretion of the Board or the compensation committee of the Board (the "***Compensation Committee***"), following each calendar year of employment, Executive shall be eligible to receive an additional cash bonus (the "***Annual Milestone Bonus***"), based (in whole or in part) on Executive's attainment of certain financial, clinical development, and/or business milestones (the "***Milestones***") to be established annually by the Board or the Compensation Committee. The determination of whether Executive has met the Milestones, and if so, the bonus amount (if any) that will be paid, shall be determined by the Board or the Compensation Committee in its sole and absolute discretion. Any Annual Milestone Bonuses shall be paid in cash as either single lump-sum payments or in installments, as determined by the Board or the Compensation Committee. Executive shall also be entitled to any other bonuses at the sole discretion of the Board.

3.3 Stock Options. At the sole discretion of the Board or the Compensation Committee and subject to the terms of the Company's 2012 Amended and Restated Omnibus Securities and Incentive Plan (the *"**Plan**"*), Executive shall be entitled to receive stock options or other securities pursuant to the Plan. The options or other securities will be governed by the Plan and the exercise price per share of any stock options will be equal to the fair market value of a single share of Common Stock on the issuance date in accordance with the Plan.

3.4 Expense Reimbursements. The Company will reimburse Executive for all reasonable business expenses Executive incurs in conducting his duties hereunder, pursuant to the Company's usual expense reimbursement policies, but in no event later than ninety days after the end of the calendar month following the month in which such expenses were incurred by Executive; provided that Executive supplies the appropriate substantiation for such expenses no later than the end of the calendar month following the month in which such expenses were incurred by Executive.

3.5 Changes to Compensation. Executive's compensation will be reviewed at least on an annual basis and the Base Salary may be increased from time to time in the Company's sole discretion. Executive's Base Salary also may be reduced in connection with any Company-wide decrease in executive compensation.

3.6 Employment Taxes. All of Executive's compensation shall be subject to customary withholding taxes and any other employment taxes as are commonly required to be collected or withheld by the Company.

3.7 Benefits. The Executive shall, in accordance with Company policy and the applicable plan documents, be eligible to participate in benefits under any benefit plan or arrangement, including medical, dental, vision, disability and life insurance programs, that may be in effect from time to time and made available to the Company's senior management employees, subject to the terms and conditions of those benefit plans.

3.8 Holidays and Vacation. Executive shall receive no less than three (3) weeks of paid vacation per year, which cannot be taken in one three (3) week increment, but which shall accrue if not used in any year and be paid to Executive or carried forward to subsequent years consistent with Company policy and will receive paid Company holidays in accordance with Company policy.

4. Termination.

4.1 Termination by the Company. Executive's employment with the Company is at will and may be terminated by the Company at any time and for any reason, or for no reason, including, but not limited to, under the following conditions:

4.1.1 Termination by the Company for Cause. The Company may terminate Executive's employment under this Agreement for "Cause" (as defined below) by delivery of written notice to Executive. Any notice of termination given pursuant to this Section 4.1.1 shall effect termination as of the date of the notice, or as of such other date as specified in the notice.

4.1.2 Termination by the Company without Cause. The Company may terminate Executive's employment under this Agreement without Cause at any time and for any reason, or for no reason. Such termination shall be effective on the date Executive is so informed, or as otherwise specified by the Company.

4.2 Termination by Resignation of Executive. Executive's employment with the Company is at will and may be terminated by Executive at any time and for any reason, or for no reason, including via a resignation for Good Reason in accordance with the procedures set forth in Section 4.6.3 below.

4.3 Termination for Death or Complete Disability. Executive's employment with the Company shall automatically terminate effective upon the date of Executive's death or Complete Disability (as defined below).

4.4 Termination by Mutual Agreement of the Parties. Executive's employment with the Company may be terminated at any time upon a mutual agreement in writing of the Parties. Any such termination of employment shall have the consequences specified in such agreement.

4.5 Compensation Upon Termination.

4.5.1 Death or Complete Disability. If, during the Term of this Agreement, Executive's employment shall be terminated by death or Complete Disability, the Company shall pay to Executive, his estate, or his heirs, as applicable, any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive (or his estate or heirs, as applicable) furnishing to the Company an executed waiver and release of claims in the form attached hereto as **Exhibit A** (or in such other form as may later be specified by the Company) (the ***"Release"***) within the time period specified therein, and allowing the Release to become effective in accordance with its terms, then Executive, his estate, or his heirs, as applicable, shall also be entitled to: (1) continuation of Executive's salary (at the Base Salary rate in effect at the time of termination) for a period of ninety (90) days following the termination date; and (2) partial accelerated vesting of each of Executive's outstanding stock options such that, on the effective date of the Release (as defined therein), Executive shall receive immediate accelerated vesting of each option with respect to the same number of shares that would have vested if Executive had continued in employment with the Company through the next anniversary of the grant date for such option, in accordance with the vesting schedule applicable to such option, ***provided, however***, that if the termination date falls on an anniversary of the grant date of any stock option, no accelerated vesting will be provided for such stock option. All stock options that have vested in connection with Executive's termination under this Section 4.5.1 shall remain exercisable for ninety (90) days following such termination. The Base Salary payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.5.2 Termination For Cause or Resignation without Good Reason. If, during the Term of this Agreement, Executive's employment is terminated by the Company for Cause, or Executive resigns his employment hereunder without Good Reason, the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date by meeting the conditions set forth in Section 3.3, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.5.3 Termination Without Cause or Resignation For Good Reason Not In Connection with a Change of Control. If the Company terminates Executive's employment without Cause, or if Executive resigns for Good Reason, at any time other than upon the occurrence of, or within the six (6) months following, the effective date of a Change of Control (as defined below), the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive furnishing to the Company an executed Release within the time period specified therein, and allowing the Release to become effective in accordance with its terms, Executive shall be entitled to: (1) severance in the form of continuation of his salary (at the Base Salary rate in effect at the time of termination) for a period of six (6) months following the termination date; and (2) accelerated vesting of each of Executive's outstanding stock options such that, on the effective date of the Release, Executive shall receive immediate accelerated vesting of each option with respect to the same number of shares that would have vested if Executive had continued in employment with the Company through the next anniversary of the grant date for such option, in accordance with the vesting schedule applicable to such option, ***provided, however***, that if the termination date falls on an anniversary of the grant date of any stock option, no accelerated vesting will be provided for such stock option. All stock options that have vested in connection with Executive's termination under this Section 4.5.3 shall remain exercisable for ninety (90) days following such termination. These payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.5.4 Termination Without Cause or Resignation For Good Reason In Connection with a Change of Control. If the Company terminates Executive's employment without Cause, or if Executive resigns for Good Reason, upon the occurrence of, or within the six (6) months following, the effective date of a Change of Control, the Company shall pay Executive any Base Salary owed to Executive, expenses reimbursement amounts owed to Executive, all unpaid amounts of any Annual Milestone Bonus(es) Executive earned prior to the termination date, and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, subject to Executive furnishing to the Company an executed Release within the time period specified therein, and allowing the Release to become effective in accordance with its terms, then Executive shall be entitled to: (1) severance in the form of continuation of his salary (at the Base Salary rate in effect at the time of termination) for a period of twelve (12) months following the termination date; and (2) immediate accelerated vesting of any unvested shares subject to any outstanding stock option(s), such that, on the effective date of the Release, the Executive shall be vested in one hundred percent (100%) of the shares subject to such option(s). The Base Salary payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date.

4.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

4.6.1 Complete Disability. A termination for ***"Complete Disability"*** shall occur: (i) when the Board has provided a written termination notice to Executive supported by a written statement from a reputable independent physician to the effect that Executive is or shall have become so physically or mentally incapacitated as to be unable to resume, within the ensuing six (6) months, his employment under this Agreement by reason of such physical or mental illness or injury; or (ii) upon rendering of a written termination notice by the Board after the Board determines, in its sole and complete discretion, that Executive has been unable to substantially perform his job duties hereunder for sixty (60) or more consecutive days, or more than one hundred and twenty (120) days in any consecutive twelve (12) month period, by reason of any physical or mental illness or injury. For purposes of this Section, at the Company's request Executive agrees to make himself available and to cooperate in a reasonable examination by a reputable independent physician retained by the Company.

4.6.2 Cause. ***"Cause"*** for the Company to terminate Executive's employment hereunder shall mean the occurrence of any of the following events, as determined by the Company and/or the Board in its and/or their sole and absolute discretion:

(i) The willful failure, disregard or refusal by Executive to perform his material duties or obligations under this Agreement which, to the extent it is curable by the Executive, is not cured within thirty (30) days after written notice thereof is given to Executive by the Company;

(ii) Any willful, intentional or grossly negligent act by Executive having the effect of materially injuring (whether financially or otherwise) the business or reputation of the Company or any of its Affiliates, including but not limited to, any senior officer, director or executive of the Company or any of its Affiliates;

(iii) Willful misconduct by Executive with respect to any of the material duties or obligations of Executive under this Agreement, including, without limitation, willful insubordination with respect to lawful directions received by Executive from the Board which, to the extent it is curable by the Executive, is not cured within thirty (30) days after written notice thereof is given to Executive by the Company;

(iv) Executive's indictment of any felony involving moral turpitude (including entry of a *nolo contendere* plea);

(v) The determination, after a reasonable and good-faith investigation by the Company, that the Executive engaged in some form of harassment or discrimination prohibited by law (including, without limitation, age, sex or race harassment or discrimination);

(vi) Executive's material misappropriation or embezzlement of the property of the Company or its Affiliates (whether or not a misdemeanor or felony); or

(vii) Material breach by Executive of any of the provisions of this Agreement, of any Company policy, and/or of his Proprietary Information and Inventions Agreement.

For purposes of this definition, the Parties agree that any breach of Sections 2 or 5 of this Agreement shall be deemed a material breach that is not capable of cure by Executive.

4.6.3 Good Reason. For purposes of this Agreement, and subject to the caveat at the end of this Section, "Good Reason" for Executive to terminate his employment hereunder shall mean the occurrence of any of the following events without Executive's consent:

(i) a material reduction by the Company of Executive's Base Salary as initially set forth herein or as the same may be increased from time to time, provided, however, that if such reduction occurs in connection with a Company-wide decrease in Executive compensation, such reduction shall not constitute Good Reason for Executive to terminate his employment;

(ii) a material breach of this Agreement by the Company; or

(iii) a material adverse change in Executive's duties, authority, or responsibilities relative to Executive's duties, authority, or responsibilities in effect immediately prior to such reduction.

Provided, however, that, any such termination by Executive shall only be deemed for Good Reason pursuant to this definition if: (1) Executive gives the Company written notice of his intent to terminate for Good Reason within thirty (30) days following the first occurrence of the condition(s) that he believes constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "***Cure Period***"); and (3) Executive voluntarily terminates his employment within thirty (30) days following the end of the Cure Period.

4.6.4 Change of Control. For purposes of this Agreement, "Change of Control" shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events (excluding in any case transactions in which the Company or its successors issues securities to investors primarily for capital raising purposes):

(i) the acquisition by a third party of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction;

(ii) a merger, consolidation or similar transaction following which the stockholders of the Company immediately prior thereto do not own at least fifty percent (50%) of the combined outstanding voting power of the surviving entity (or that entity's parent) in such merger, consolidation or similar transaction;

(iii) the dissolution or liquidation of the Company; or

(iv) the sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

4.7 Survival of Certain Sections. Sections 2, 4, 5, 6, 7, 8, 9, 12, 13, 16, 17 and 19 of this Agreement will survive the termination of this Agreement.

4.8 Parachute Payment. If any payment or benefit the Executive would receive pursuant to this Agreement (***"Payment"***) would (i) constitute a ***"Parachute Payment"*** within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the ***"Code"***), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the ***"Excise Tax"***), then such Payment shall be reduced to the Reduced Amount. The ***"Reduced Amount"*** shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion of the Payment, which such amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in the Executive's receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting Parachute Payments is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order: (i) reduction of cash payments; (ii) cancellation of accelerated vesting of equity awards other than stock options; (iii) cancellation of accelerated vesting of stock options; and (iv) reduction of other benefits paid to Executive. Within any such category of payments and benefits (that is, (i), (ii), (iii) or (iv)), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A (as defined in Section 4.9 below) and then with respect to amounts that are. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled, subject to the immediately preceding sentence, in the reverse order of the date of grant.

In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount (as determined pursuant to clause (x) in the preceding paragraph) is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined in accordance with clause (y) in the preceding paragraph, Executive will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

Unless Executive and the Company agree on an alternative accounting, law or consulting firm, the accounting firm then engaged by the Company for general tax compliance purposes shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting, law or consulting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting, law or consulting firm required to be made hereunder.

The Company shall use commercially reasonable efforts such that the accounting, law or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Executive or the Company) or such other time as requested by the Executive or the Company.

4.9 Application of Internal Revenue Code Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement (the "***Severance Benefits***") that constitute "deferred compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively "***Section 409A***") shall not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h) ("***Separation From Service***"), unless the Company reasonably determines that such amounts may be provided to Executive without causing Executive to incur the additional 20% tax under Section 409A.

It is intended that each installment of the Severance Benefits payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the Severance Benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that the Severance Benefits constitute "deferred compensation" under Section 409A and Executive is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's Separation From Service, or (ii) the date of Executive's death (such applicable date, the "***Specified Employee Initial Payment Date***"), the Company (or the successor entity thereto, as applicable) shall (A) pay to Executive a lump sum amount equal to the sum of the Severance Benefit payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this Section and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Notwithstanding anything to the contrary set forth herein, Executive shall receive the Severance Benefits described above, if and only if Executive duly executes and returns to the Company within the applicable time period set forth therein, but in no event more than forty-five days following Separation From Service, a separation agreement containing the Company's standard form of release of claims in favor of the Company (attached to this Agreement as **Exhibit A**) and other standard provisions, including without limitation, those relating to non-disparagement and confidentiality (the "***Separation Agreement***"), and permits the release of claims contained therein to become effective in accordance with its terms. Notwithstanding any other payment schedule set forth in this Agreement, none of the Severance Benefits will be paid or otherwise delivered prior to the effective date of the Separation Agreement. Except to the extent that payments may be delayed until the Specified Employee Initial Payment Date pursuant to the preceding paragraph, on the first regular payroll pay day following the effective date of the Separation Agreement, the Company will pay Executive the Severance Benefits Executive would otherwise have received under the Agreement on or prior to such date but for the delay in payment related to the effectiveness of the Separation Agreement, with the balance of the Severance Benefits being paid as originally scheduled. All amounts payable under the Agreement will be subject to standard payroll taxes and deductions.

5. Confidential And Proprietary Information.

As a condition of employment Executive agrees to execute and abide by the Company's Proprietary Information and Inventions Agreement (***"PIIA"***).

6. Assignment and Binding Effect.

This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any tie, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

7. Notices.

All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or faxed during normal business hours or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

MetaStat, Inc.
8 Hillside Avenue, Suite 207
Montclair, NJ 07042
Attn: Chief Executive Officer

If to Executive:

Daniel H. Schneiderman
[_____]
[_____]

Any such written notice shall be deemed given on the earlier of the date on which such notice is personally delivered or three (3) days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this Section.

8. Choice of Law.

This Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York without regard to its conflict of laws principles.

9. Integration.

This Agreement, including **Exhibit A** and the PIIA, contains the complete, final and exclusive agreement of the Parties relating to the terms and conditions of Executive's employment and the termination of Executive's employment, and supersedes all prior and contemporaneous oral and written employment agreements or arrangements between the Parties.

10. Amendment.

This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

11. Waiver.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12. Severability.

The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term, or provision.

13. Interpretation; Construction.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but the Executive has been encouraged to consult with, and has consulted with, Executive's own independent counsel and tax advisors with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

14. Representations and Warranties.

Executive represents and warrants that Executive is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that Executive's execution and performance of this Agreement will not violate or breach any other agreements between the Executive and any other person or entity.

15. Counterparts.

This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall contribute one and the same instrument. Signatures to this Agreement transmitted by fax, by email in "portable document format" (".pdf") or by any other electronic means intended to preserve the original graphic and pictorial appearance of this Agreement shall have the same effect as physical delivery of the paper document bearing original signature.

16. Arbitration.

To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to Executive's employment, or the termination of that employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration pursuant to the Federal Arbitration Act in New York, New York conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. (***"JAMS"***), or its successors, under the then current rules of JAMS for employment disputes; provided that the arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. Accordingly, Executive and the Company hereby waive any right to a jury trial. Both Executive and the Company shall be entitled to all rights and remedies that either Executive or the Company would be entitled to pursue in a court of law. The Company shall pay any JAMS filing fee and shall pay the arbitrator's fee. The arbitrator shall have the discretion to award attorneys fees to the party the arbitrator determines is the prevailing party in the arbitration. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by Court action instead of arbitration.

17. Indemnification.

The Company shall defend and indemnify Executive in his capacity as Vice President of Finance of the Company to the fullest extent permitted under the Nevada Private Corporations Law. The Company shall also maintain a policy for indemnifying its officers and directors, including but not limited to the Executive, for all actions permitted under the Nevada Private Corporations Law taken in good faith pursuit of their duties for the Company, including but not limited to maintaining an appropriate level of Directors and Officers Liability coverage and maintaining the inclusion of such provisions in the Company's by-laws or articles of incorporation, as applicable and customary. The rights to indemnification shall survive any termination of this Agreement.

18. Trade Secrets Of Others.

It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its Affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its Affiliates, and the Company and/or its Affiliates shall not request, any documents or copies of documents containing such information.

19. Advertising Waiver.

Executive agrees to permit the Company, and persons or other organizations authorized by the Company, to use, publish and distribute advertising or sales promotional literature concerning the products and/or services of the Company, or the machinery and equipment used in the provision thereof, in which Executive's name and/or pictures of Executive taken in the course of Executive's provision of services to the Company appear. Executive hereby waives and releases any claim or right Executive may otherwise have arising out of such use, publication or distribution.

In Witness Whereof, the Parties have executed this Agreement as of the date first above written.

MetaStat, Inc.

By: /s/ Warren C. Lau
Name: Warren C. Lau
Its: President

Dated:

Executive:

/s/ Daniel H. Schneiderman
Daniel H. Schneiderman

Dated: May 27, 2013

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

TO BE SIGNED ON OR FOLLOWING THE SEPARATION DATE ONLY

In consideration of the payments and other benefits set forth in the Employment Agreement effective as of May 27, 2013, to which this form is attached, I, Daniel H. Schneiderman, hereby furnish **MetaStat, Inc.** (the ***"Company"***), with the following release and waiver (***"Release and Waiver"***).

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, I hereby generally and completely release the Company and its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date that I sign this Agreement (collectively, the "***Released Claims***"). The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, misclassification, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "***ADEA***"), the fair employment practices statutes of the state or states in which I have provided services to the Company and/or any other federal, state or local law, regulation or other requirement. Notwithstanding the foregoing, the following are not included in the Released Claims (the "***Excluded Claims***"): (a) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party, the charter, bylaws, or operating agreements of the Company, or under applicable law; (b) any rights or claims to unemployment compensation, funds accrued in my 401k account, or any vested equity incentives; (c) any rights that are not waivable as a matter of law; or (d) any claims arising from the breach of this Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I expressly waive and relinquish any and all rights and benefits under any applicable law or statute providing, in substance, that a general release does not extend to claims which a party does not know or suspect to exist in his or his favor at the time of executing the release, which if known by him or his would have materially affected the terms of such release.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. If I am 40 years of age or older upon execution of this Release and Waiver, I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; and (c) I have twenty-one (21) days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); (d) I have seven (7) days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver; and (e) this Release and Waiver shall not be effective until the seven (7) day revocation period has expired without my having previously revoked this Release and Waiver.

I acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement. Pursuant to the Proprietary Information and Inventions Agreement I understand that among other things, I must not use or disclose any confidential or proprietary information of the Company and I must immediately return all Company property and documents (including all embodiments of proprietary information) and all copies thereof in my possession or control. I understand and agree that my right to the severance pay I am receiving in exchange for my agreement to the terms of this Release and Waiver is contingent upon my continued compliance with my Proprietary Information and Inventions Agreement.

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company.

Date: _____ By: _____

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Oscar L. Bronsther, certify that:

1. I have reviewed this annual report on Form 10-K of MetaStat, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchanged Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Oscar L. Bronsther
Dr. Oscar L. Bronsther M.D., F.A.C.S.
Chief Executive Officer and Chief Medical Officer
(Principal Executive Officer)

May 28, 2013

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Warren C. Lau, certify that:

1. I have reviewed this annual report on Form 10-K of MetaStat, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect our ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Warren C. Lau
Warren C. Lau
President and Chief Financial Officer
(Principal Financial Officer)

May 28, 2013

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of MetaStat, Inc. (the "Company") on Form 10-K for the period ended February 28, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Oscar L. Bronsther, the Chief Executive Officer and Chief Medical Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Oscar L. Bronsther
Oscar L. Bronsther M.D., F.A.C.S.
Chief Executive Officer and Chief Medical Officer
(Principal Executive Officer)

May 28, 2013

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of MetaStat, Inc. (the "Company") on Form 10-K for the period ended February 28, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren C. Lau, the President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Warren C. Lau
Warren C. Lau
President and Chief Financial Officer
(Principal Financial Officer)

May 28, 2013