CYNAPSUS THERAPEUTICS INC.
(Formerly Cannasat Therapeutics Inc.)

SECOND QUARTER REPORT
JUNE 30, 2010

Unaudited

CYNAPSUS THERAPEUTICS INC.
June 30, 2010

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CYNAPSUS THERAPEUTICS INC.
Unaudited Interim Balance Sheets

	June 30, 2010	December 31, 2009
ASSETS		
CURRENT		
Cash and cash equivalents	$ 51,027	$ 483,197
Sundry receivables (Note 5(a))	71,608	113,903
	122,635	597,100
EQUIPMENT (Note 6)	12,342	14,249
OTHER INTANGIBLE ASSETS (Note 8)	144,445	150,000
DEFERRED FINANCING COSTS (Notes 2 and 13(a))	35,977	-
	$ 315,399	$ 761,349
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Notes 10 and 11)	$ 1,088,306	$ 765,491
COMMITMENTS AND CONTINGENCIES (Note 11)		
GOING CONCERN (Note 2)		
SHAREHOLDERS' DEFICIENCY		
SHARE CAPITAL (Note 7(b))	8,961,130	8,961,130
WARRANTS (Note 7(c))	236,183	294,444
CONTRIBUTED SURPLUS (Note 7(f))	1,993,456	1,841,596
(DEFICIT)	(11,963,676)	(11,101,312)
	(772,907)	(4,142)
	$ 315,399	$ 761,349

APPROVED BY THE BOARD:

“Ronald Hosking”, Director

“Rochelle Stenzler”, Director

The accompanying notes are an integral part of these financial statements

CYNAPSUS THERAPEUTICS INC.
Unaudited Interim Statements of Operations, Comprehensive Loss and Deficit

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
REVENUE				
Interest income	$ 25	$ 8,944	$ 1,015	$ 12,785
EXPENSES				
General and administrative	320,908	273,295	618,495	529,234
Research and development	63,911	228,133	148,896	473,579
Amortization of equipment and intangible assets	3,732	3,432	7,463	6,606
Stock option compensation expense	43,120	37,768	93,598	107,663
Recovery on scientific research	(5,073)	(120,948)	(5,073)	(120,948)
	426,598	421,680	863,379	996,134
NET (LOSS) AND COMPREHENSIVE (LOSS) FOR THE PERIOD	(426,573)	(412,736)	(862,364)	(983,349)
(DEFICIT), BEGINNING OF PERIOD	(11,537,103)	(9,876,375)	(11,101,312)	(9,305,762)
(DEFICIT), END OF PERIOD	$(11,963,676)	$ (10,289,111)	$ (11,963,676)	$ (10,289,111)
(LOSS) PER SHARE - basic and diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	89,665,219	78,513,849	89,665,219	77,273,739

CYNAPSUS THERAPEUTICS INC.
Unaudited Interim Statements of Cash Flows

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
OPERATING				
Net loss for the period	$ (426,573)	$ (412,736)	$ (862,364)	$ (983,349)
Items not affecting cash				
Amortization of equipment and intangible assets	3,732	3,432	7,463	6,605
Stock option compensation expense	43,120	37,768	93,598	107,663
	(379,721)	(371,536)	(761,303)	(869,081)
Changes in non-cash operating working capital items				
Sundry receivables	10,229	(108,022)	42,296	(100,166)
Accounts payable and accrued liabilities	230,147	345,097	322,814	343,752
	(139,345)	(134,461)	(396,193)	(625,495)
INVESTING				
Acquisition of capital assets	-	(6,819)	-	(6,819)
FINANCING				
Share and warrant issuances, net of issue costs	-	-	-	365,396
Deferred financing costs	(35,977)	(226,040)	(35,977)	(251,040)
	(35,977)	(226,040)	(35,977)	114,356
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(175,322)	(367,320)	(432,170)	(517,958)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	226,349	654,490	483,197	805,128
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 51,027	$ 287,170	$ 51,027	$ 287,170
CASH AND CASH EQUIVALENTS CONSIST OF:				
Cash	$ 51,027	$ 55,195	$ 51,027	$ 55,195
Cash equivalents	-	231,975	-	231,975
	$ 51,027	$ 287,170	$ 51,027	$ 287,170

SUPPLEMENTARY CASH FLOW INFORMATION (Notes 12 and 13)

1. DESCRIPTION OF BUSINESS

Cynapsus Therapeutics Inc. (the "Corporation" or "Cynapsus") is a publicly traded (CTH: TSX-V) specialty clinical development pharmaceutical company targeting diseases of the brain. Cannasat Pharmaceuticals Inc. was incorporated under the Canada Business Corporations Act on January 16, 2004 and changed its name to Cannasat Therapeutics Inc. ("Cannasat") on January 25, 2005. Cannasat and Lonsdale Public Ventures Inc. ("Lonsdale"), a capital pool company, were amalgamated on March 15, 2006 under the Business Corporations Act (Canada) and continued as one company with the name "Cannasat Therapeutics Inc." On April 15, 2010, Cannasat changed its name to Cynapsus Therapeutics Inc. The Corporation is in the development stage as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11 "Enterprises in the Development Stage".

2. ACCOUNTING POLICIES AND GOING CONCERN

These interim financial statements are unaudited and have not been reviewed by the Corporation's auditors. The management of the Corporation has prepared these interim financial statements in accordance with Canadian Generally Accepted Accounting Principles for the preparation of interim financial information and follow the same accounting policies and methods of application as the audited financial statements of the Corporation for the year ended December 31, 2009. These statements should be read in conjunction with the audited financial statements of the Corporation for the year ended December 31, 2009. The disclosure in these interim financial statements does not conform in all respects to Generally Accepted Accounting Principles in Canada for annual financial reporting.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these interim financial statements. Operating results for the six months ended June 30, 2010 may not be indicative of the results that may be expected for the full year ending December 31, 2010.

Going concern
While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, several adverse conditions and events cast substantial doubt upon the validity of this assumption. The Corporation has used cash of $8,788,127 in operating activities from inception to June 30, 2010 and has an accumulated deficit of $11,963,676 as at June 30, 2010. The Corporation will be pursuing further financings. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of business, however, there is no assurance that these funds will be available on terms acceptable to the Corporation or at all. The Corporation's continued existence is dependent upon its ability to obtain additional financing as needed and to attain profitable operations.

If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, the reported net loss and the balance sheet classifications used. Such adjustments could be material.

Deferred financing costs
The Company has dispersed funds relating to a pending financing transaction. These costs have been deferred and will be recorded as a cost of issue when the transaction is completed or expensed in the period when the transaction is abandoned.

CYNAPSUS THERAPEUTICS INC.
Notes to the Unaudited Interim Financial Statements
For the six months ended June 30, 2010

3. CHANGES IN ACCOUNTING POLICIES

(a) Recent Accounting Pronouncements

(i) International Financial Reporting Standards
In January 2006, the Canadian Accounting Standards Board ("AcSB") announced its decision to replace Canadian GAAP with IFRS. On February 13, 2008, the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. This means that the Corporation will be required to prepare IFRS financial statements for the interim and fiscal year ends beginning in 2011. The Corporation continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS on its results of operations, financial position and disclosures.

(ii) Business Combinations
CICA handbook Section 1582 "Business Combinations", replaces Section 1581 "Business Combinations", and provides the Canadian equivalent to International Financial Reporting Standards 3 "Business Combinations". This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be re-measured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. Section 1582 is effective for fiscal years beginning on or after January 1, 2011.

(iii) Consolidations and Non-Controlling Interests
CICA handbook Sections 1601 "Consolidated Financial Statements", and 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". These new sections provide the Canadian equivalent to International Accounting Standard 27 "Consolidated and Separate Financial Statements". Sections 1601 and 1602 are effective for fiscal years beginning on or after January 1, 2011.

4. CAPITAL MANAGEMENT

The Corporation manages its capital structure and makes adjustments to it, based on the funds available to the Corporation, in order to support its research and development activities. The Corporation's capital consists of share capital, warrants and contributed surplus. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Corporation's management to sustain future development of the business.

The products which the Corporation currently has in its pipeline are in the research and development stage; as such the Corporation is dependent on external financing to fund its activities. In order to carry out the planned research and development and pay for administration costs, the Corporation will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

There were no changes in the Corporation's approach to capital management during the period ended June 30, 2010.

5. FINANCIAL RISK FACTORS

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

(a) Credit Risk

The Corporation has no significant concentration of credit risk arising from operations. Financial instruments included in sundry receivables consist of goods and services tax due from the Federal Government of Canada and amounts due from the Ontario portion of the Scientific Research and Experimental Development (SRED) tax incentive program. Management believes that the credit risk concentration with respect to these financial instruments is remote.

(b) Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2010, the Corporation had cash and cash equivalents of $51,027 and sundry receivables of $71,608 (December 31, 2009 - $483,197 and $113,903) to settle current liabilities of $1,088,306 (December 31, 2009 - $765,491). All of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company believes movement in interest rates is "reasonably possible" over the next 12 months. Since cash and cash equivalents have varying terms and rates, sensitivity to a plus or minus 1% change in rates could affect its net loss by approximately $500.

(c) Market Risk

(i) Interest rate risk

The Corporation has cash and cash equivalent balances as at June 30, 2010. The Corporation's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions bearing interest at 0.5% per annum. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Corporation considers interest rate risk to be minimal as investments are short term. As at June 30, 2010, the Corporation has no interest-bearing debt.

(ii) Foreign currency risk

The Corporation's functional currency is the Canadian dollar and most purchases are transacted in Canadian dollars. The Corporation funds certain research and development expenses in the United States and Europe on a cash call basis using the US Dollar and the EURO currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. The Corporation does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) *Price risk*

The Corporation is exposed to price risk with respect to Active Pharmaceutical Ingredient (API) prices used in research and development activities. The Corporation monitors API prices in the United States, Europe and Asia to determine the appropriate course of action to be taken by the Corporation. Management believes that the price risk concentration with respect to API is remote.

Continued

5. FINANCIAL RISK FACTORS (continued)

(d) Fair value

The Corporation has designated its cash and cash equivalents as held-for-trading, measured at fair value. Sundry receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts for cash and cash equivalents, sundry receivables and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

6. EQUIPMENT

	June 30, 2010		
	Cost $	Accumulated Amortization $	Net Book Value $
Computer equipment	15,270	7,062	8,208
Furniture and fixtures	9,317	5,184	4,134
Total	24,587	12,246	12,342

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value

b) Issued and outstanding common shares

The number of common shares outstanding as at June 30, 2010 is as follows:

	Number of Shares #	Value $
Balance, December 31, 2009	89,665,219	8,961,130
Issued	-	-
Balance, June 30, 2010	89,665,219	8,961,130

c) Warrants

The number of warrants outstanding as at June 30, 2010 is as follows:

	Number of Warrants #	Estimated Grant Date Fair Value $	Weighted Average Price/Share $/share
Balance, December 31, 2009	13,338,350	294,444	0.153
Expired February 8, 2010	(1,175,000)	(58,261)	0.220
Balance, June 30, 2010	12,163,350	236,183	0.140

Warrants outstanding and exercisable as at June 30, 2010 is as follows:

Number of Warrants #	Number of shares issuable on exercise of Warrants #	Effective Strike Price $/share	Estimated Grant Date Fair Value $	Expiry Date
1,935,000	1,935,000	0.150	54,809	February 26, 2011
7,509,500	7,509,500	0.150	130,874	August 6, 2011
750,950	750,950	0.100	15,634	August 6, 2011
1,789,000	1,789,000	0.150	31,038	August 31, 2011
178,900	178,900	0.100	3,828	August 31, 2011
12,163,350	12,163,350		$ 236,183	

Continued

7. SHARE CAPITAL (continued)

d) Stock options

The Company has in place a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the stock option plan is a maximum of 10% of the issued and outstanding common shares of the Company. No one person shall be granted options representing more than 5% of the issued and outstanding common shares of the Company in a 12-month period. Option grants to persons providing consulting and investor services may not exceed 2% of the issued and outstanding common shares of the Company in any 12-month period. The options are non-assignable and non-transferable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors of the Company and shall not be lower than the discounted market price (as defined by the the TSX Venture) of the shares at the time of grant, subject to all applicable regulatory requirements.

The number of stock options outstanding as at June 30, 2010 is as follows:

	Number of Options #	Number of Shares Issuable on Exercise of Options #	Weighted Exercise Price/Share $/share
Options outstanding as at December 31, 2009	6,283,750	8,225,829	0.215
Expired	(691,677)	(775,000)	0.226
Granted	425,000	425,000	0.100
Options outstanding as at June 30, 2010	6,017,073	7,875,829	0.208

On January 8, 2010, 200,000 shares issuable on exercise of options with exercise prices of $0.239, $0.300 and $0.317 per share expired unexercised.

On March 3, 2010 the Corporation granted stock options to acquire 425,000 common shares. The stock options were granted to an employee, an officer and a director of the Corporation at an exercise price of $0.10 per share for a term of 5 years from date of grant.

On April 8, 2010, 250,000 shares issuable on exercise of options with exercise prices of $0.200, $0.250 and $0.300 per share expired unexercised.

On June 25, 2010, 200,000 shares issuable on exercise of options with exercise prices of $0.200 per share expired unexercised.

On June 30, 2010, 125,000 shares issuable on exercise of options with exercise prices of $0.283 per share expired unexercised.

The weighted average grant date fair value of the stock options issued during the period ended June 30, 2010 is $0.07. The fair value of the options granted during the period ended June 30, 2010, has been estimated on the date of issue using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0% (2008: 0%), expected volatility of 122%, risk free rate of return interest rates of 2.37% and an expiry period of 5 years.

Continued

7. SHARE CAPITAL (continued)

d) Stock options (continued)

Stock options issued and outstanding as at June 30, 2010 are as follows:

Number of Options #	Number of Shares Issuable on Exercise of Options #	Effective Strike Price ($/share)	Expiry Date
48,750	40,829	0.239	July 28, 2010
66,667	200,000	0.317	August 31, 2010
100,000	100,000	0.300	December 3, 2010
41,666	125,000	0.283	December 31, 2010
50,000	150,000	0.283	March 23, 2011
208,333	625,000	0.283	June 30, 2011
66,667	200,000	0.317	August 31, 2011
50,000	150,000	0.283	August 31, 2011
250,000	750,000	0.283	November 1, 2011
116,667	350,000	0.283	December 31, 2011
260,000	260,000	0.250	May 24, 2012
750,000	750,000	0.250	June 25, 2012
16,667	50,000	0.283	June 30, 2012
66,666	200,000	0.317	August 31, 2012
600,000	600,000	0.200	April 4, 2013
700,000	700,000	0.200	June 25, 2013
250,000	250,000	0.200	August 28, 2013
1,450,000	1,450,000	0.100	August 31, 2014
500,000	500,000	0.100	November 16, 2014
425,000	425,000	0.100	March 3, 2015
6,017,083	7,875,829		

The total number of common shares that are issuable pursuant to stock options that are exercisable as at June 30, 2010 is 5,900,829. The weighted average exercise price of stock options that are exercisable as at June 30, 2010 is $0.220.

Continued

7. SHARE CAPITAL (continued)

e) Escrowed shares

On March 15, 2006, Cannasat amalgamated with Lonsdale Public Ventures ("Lonsdale"), a capital pool company. Immediately following the amalgamation, 38,705,837 common shares of the Corporation were subject to escrow. 34,608,879 of these escrowed shares are to be released over a period of 72 months on the basis of 5% to be released six months after the final Exchange bulletin (March 23, 2006), 5% to be released every six months thereafter for the next 18 months and 10% to be released every six months thereafter for the next 48 months. At June 30, 2010, 13,843,562 of the 72-month release shares are still subject to escrow. The remaining 4,096,958 escrowed shares were released over a period of 36 months ending on March 23, 2009.

f) Contributed Surplus

Contributed surplus represents the fair value of unexercised and expired warrants as well as the unexercised fair value of stock option compensation earned by directors, officers, employees and certain consultants of the Corporation as follows:

Balance December 31, 2009	$ 1,841,596
Compensation earned during the period – employee	92,849
Compensation earned during the period – non-employee	750
Expiry of warrants, February 8, 2010	58,261
Balance June 30, 2010	$ 1,993,456

8. OTHER INTANGIBLE ASSETS

On June 10, 2005, the Corporation entered into a license agreement with a research and development company. The License fee of $200,000 was satisfied by the execution and delivery of two promissory notes on June 30, 2005 in the aggregate principal amount of $100,000 plus interest (see Note 9) and the issuance of 117,648 Class A common shares at an aggregate subscription price of $100,000. In addition to the acquisition costs, the Corporation has agreed to pay a combination of milestone-based payments and royalties. The license is for patents that have been issued in certain jurisdictions and are currently pending in others.

	June 30, 2010		
	Cost $	Accumulated Amortization $	Net Book Value $
License	200,000	55,555	144,445

9. NOTES PAYABLE

Promissory notes in the aggregate principal amount of $100,000 were issued by the Corporation on June 30, 2005 in connection with the signing of the agreement for the worldwide license to make, use or sell certain licensed products (see Note 8). The notes, including $25,000 in interest owed, were settled by the issuance of 1,250,000 common shares on December 18, 2009.

10. RELATED PARTY TRANSACTIONS

Related party transactions during the periods ended June 30, 2010 and 2009 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Management fees	$36,000	$33,333	$70,000	$72,333
Director fees	10,450	16,100	29,750	16,100
Consulting fees paid to a Director	7,000	-	28,000	-
	$53,450	$49,433	$127,750	$88,433

At June 30, 2010, included in accounts payable and accrued liabilities is $138,689 (December 31, 2009 - $98,560) due to officers and directors of the Corporation. These amounts are unsecured, non-interest bearing with no fixed terms of repayment. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. COMMITMENTS AND CONTINGENCIES

The Corporation is party to certain management contracts for its executive officers. Minimum management contract termination commitments remaining under the agreements are approximately $131,167 and are all payable within one year. In addition, the Corporation is party to certain management contracts which require that additional payments of approximately $108,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements.

The Corporation is subject to additional termination and stock option commitments, contingent upon the Corporation raising a cumulative of $5 million post November 15, 2009. Once raised, the Corporation will have additional management contract termination commitments of $285,400 and will be required to issue 3,733,163 stock options priced at the then fair market value, but not less than $0.10 per share.

On November 15, 2009, the former CEO resigned and is due $216,500 over a twelve month period, contingent upon the Corporation raising a minimum of $2 million post November 15, 2009 and at the discretion of the Board. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements.

The Corporation has entered into a lease for its office premises in Toronto. Minimum rental commitments approximate $62,000 including $39,000 due within the current year and $23,000 due the year following.

The Corporation has one contractual dispute for claims against them totalling approximately $100,000. Included in accounts payable and accrued liabilities is $100,000 related to this dispute. Management believes this dispute will be settled before September 30, 2010.

On March 2, 2010, Cynapsus and IntelGenx signed a Letter-of-Intent to engage in a project to further develop tablets containing delta-9 tetrahydrocannabinol (“THC”) for sublingual or buccal delivery of THC. Once the formulations have been completed, one or more partners will be retained for clinical development and commercialization of the products. Upon successfully entering into a sub-licensing agreement with a marketing and/or commercialization partner, the parties agree to share royalties received from the sale of the products. In consideration of the rights and licenses to be granted by the Corporation to IntelGenx under the License Agreement, IntelGenx would agree to forgive $230,688 in indebtedness owed by the Corporation to IntelGenx. The license agreement is currently in final stages of negotiations.

12. SUPPLEMENTARY CASH FLOW INFORMATION

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Income taxes paid	$ -	$ -
Interest paid	1,204	4,043
The following significant transactions did not generate or use cash:		
Contributed Surplus	151,860	185,870
Compensation Expense	(93,598)	(107,663)

13. SUBSEQUENT EVENTS

a) On July 19, 2010, Cynapsus announced that it completed a financing of secured debentures in the aggregate amount of $520,000. The Secured Debentures bear interest at a rate of 8% per annum and are secured by a security interest in the assets of the Company. The Secured Debentures are payable by Cynapsus on December 30, 2011. As part of the Financing, the Corporation paid an 8% capital discount to the debenture holders resulting in net proceeds to the Corporation of $478,400 and issued 1,913,600 common shares to the debenture holders at a price of $0.05 per share. The Corporation also announced that it cancelled the previously announced $2.5 million brokered private placement of common shares and warrants due to market conditions.

b) On July 26, 2010, Cynapsus announced that it entered into a License Option Agreement with Adagio Pharmaceuticals Ltd. granting Cynapsus the option to execute a proposed exclusive, worldwide agreement to license all intellectual property relating to APL-130277, a reformulation of an approved Parkinson's drug. The two parties have also finalized an exclusive worldwide license that would result in Cynapsus assuming product development and commercialization rights to APL-130277 from Adagio in return for development milestones and royalties to Adagio, including common shares of Cynapsus. Within 15 days of the Option Agreement Effective Date, subject to approval of the TSX Venture Exchange Inc., Adagio is entitled to be issued 750,000 common shares in the capital of Cynapsus based on a price of $0.10 per Cannasat Share.

c) On August 4, 2010, Cynapsus announced that it completed a second financing of secured debentures in the aggregate amount of $180,000. The Secured Debentures bear interest at a rate of 8% per annum and are secured by a security interest in the assets of the Company. The Secured Debentures are payable by Cynapsus on December 30, 2011. As part of the Financing, the Corporation paid an 8% capital discount to the debenture holders resulting in net proceeds to the Corporation of $165,600 and issued 662,400 common shares to the debenture holders at a price of $0.05 per share.

d) On August 12, 2010 the Corporation granted stock options to acquire 1,300,000 common shares. The stock options were granted to directors and officers of the Corporation at an exercise price of $0.10 per share for a term of 5 years from date of grant.