

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended December 31, 2014

OR

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

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Date of event requiring this shell company report: _____

Commission file number 000-50112

REPLICEL LIFE SCIENCES INC.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

British Columbia, Canada

(Jurisdiction of incorporation or organization)

Suite 2020 – 401 West Georgia Street
Vancouver, British Columbia, Canada V6B 5A1

(Address of principal executive offices)

David Hall, President & CEO,
Telephone: (604) 248-8730
Suite 2020 – 401 West Georgia Street
Vancouver, British Columbia, Canada V6B 5A1
Facsimile: (604) 248-8690

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class
Not Applicable

Name of each exchange on which registered
Not Applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Shares Without Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **54,947,288 common shares as of December 31, 2014**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES 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 Securities 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.

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

(Not applicable to the registrant at this time) YES NO

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES NO

GENERAL INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “intend”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, or “continue”, or the negative of these terms or other comparable terminology. Forward-looking information presented in such statements or disclosures may, among other things, include:

- our belief that chronic tendon injuries resulting from sports-related or occupational overuse is a significant unmet medical need;
- our belief that RCT-01 has advantages over current treatments such as the use of non-steroidal anti-inflammatory medication or corticosteroids which are limited in efficacy;
- our plan to initiate a phase 2 clinical trial to test the safety and efficacy of injections of RCT-01 on patients suffering from chronic achilles tendinosis in Canada in 2015 and the details of the phase 2 trials;
- our plan to initiate a phase 1 trial for RCS-01 in 2015;
- our plan to initiate a phase 2 dose-finding trial for RCH-01 in 2015;
- our belief that the RCI-02 dermal injector device will have applications in certain other dermatological procedures and development is expected to be completed in 2015;
- the potential of our products;
- our forecasts of expenditures;
- our expectations regarding our ability to raise capital;
- our business outlook;
- our plans and objectives of management for future operations; and
- our anticipated financial performance.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to our company, including information obtained from third-party industry analysts and other third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this annual report in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to, our assumption that there be:

- no unforeseen changes in the legislative and operating framework for the business of our company;
- a stable competitive environment; and
- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set out in the section entitled “Risk Factors” commencing on page 7, which may cause our or our industry’s actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to the following risks:

- negative results from our clinical trials;
- the effects of government regulation on our business;
- the viability and marketability of our technologies;
- the development of superior technology by our competitors;
- the failure of consumers and the medical community to accept our technology as safe and effective;
- risks associated with our ability to obtain and protect rights to our intellectual property;
- risks and uncertainties associated with our ability to raise additional capital; and
- other factors beyond our control.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

As used in this annual report, the terms “we”, “us”, “our”, and “RepliCel” mean RepliCel Life Sciences Inc., a British Columbia, Canada, corporation, and our wholly-owned subsidiary, TrichoScience Innovations Inc., as applicable. All references to common shares are to the common shares of our company, unless otherwise stated. Information on our website, www.replicel.com, is not incorporated by reference into this annual report.

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective from January 1, 2011, we adopted International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. Unless otherwise stated, all information presented herein has been prepared in accordance with IFRS and all prior period amounts have been reclassified to conform with IFRS.

CURRENCY

Unless otherwise stated, “\$”, when used in this Form 20-F, refers to Canadian dollars and US\$ refers to United States dollars.

TABLE OF CONTENTS

PART I	6
ITEM 1 Identity of Directors, Senior Management and Advisers	6
ITEM 2 Offer Statistics and Expected Timetable	6
ITEM 3 Key Information	6
ITEM 4 Information on RepliCel Life Sciences Inc.	12
ITEM 4A Unresolved Staff Comments.....	20
ITEM 5 Operating and Financial Review and Prospects	20
ITEM 6 Directors, Senior Management and Employees	25
ITEM 7 Major Shareholders and Related Party Transactions.....	34
ITEM 8 Financial Information.....	36
ITEM 9 The Offer and Listing	37
ITEM 10 Additional Information.....	40
ITEM 11 Quantitative and Qualitative Disclosures About Market Risk	46
ITEM 12 Description of Securities Other Than Equity Securities.....	46
PART II	47
ITEM 13 Defaults, Dividend Arrearages and Delinquencies.....	47
ITEM 14 Material Modifications to the Rights of Security Holders and Use of Proceeds.....	47
ITEM 15 Controls and Procedures.....	47
ITEM 16A Audit Committee Financial Expert.....	48
ITEM 16B Code of Ethics	49
ITEM 16C Principal Accountant Fees and Services.....	49
ITEM 16D Exemption from the Listing Standards for Audit Committees	50
ITEM 16E Purchases of Equity Securities by the Issuer and Affiliated Purchasers	50
ITEM 16F Change in Registrant’s Certifying Accountant	50
ITEM 16G. Corporate Governance.....	50
ITEM 16H. Mine Safety Disclosure	50
ITEM 17 Financial Statements	51
ITEM 18 Financial Statements	82
ITEM 19 Exhibits	82

PART 1

ITEM 1 Identity of Directors, Senior Management and Advisers

Not applicable.

ITEM 2 Offer Statistics and Expected Timetable

Not applicable.

ITEM 3 Key Information

A. Selected Financial Data

The following financial data summarizes selected financial data for our company prepared in accordance with IFRS for the five fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010. The information presented below for the five year period ended December 31, 2014, 2013, 2012, 2011 and 2010 is derived from our financial statements which were examined by our independent auditor. The information set forth below should be read in conjunction with our audited annual financial statements and related notes thereto included in this annual report, and with the information appearing under the heading “Item 5 – Operating and Financial Review and Prospects”.

Selected Financial Data
(Stated in Canadian Dollars – Calculated in accordance with IFRS)

	Year ended Dec. 31, 2014 (audited)	Year ended Dec. 31, 2013 (audited)	Year ended Dec. 31, 2012 (audited)	Year ended Dec. 31, 2011 (audited)	Year ended Dec. 31, 2010 (audited)
Net sales or operating revenues	-	\$4,120,400	-	-	-
Total expenses	\$5,210,616	\$3,737,412	\$3,363,175	\$3,713,439	\$2,542,525
Net income (loss) before tax	\$(5,198,411)	\$383,468	\$(3,363,175)	\$(3,713,439)	\$(2,542,525)
Income tax	-	\$412,040	-	-	-
Total comprehensive loss	\$(5,198,411)	\$(28,572)	\$(3,363,175)	\$(3,713,439)	\$(2,542,525)
Basic and diluted loss per share	\$(0.10)	\$(0.00)	\$(0.08)	\$(0.10)	\$(0.12)
Total assets	\$2,141,288	\$2,052,401	\$505,488	\$631,419	\$1,308,742
Net assets	\$1,806,220	\$1,474,659	\$21,158	\$401,450	\$685,447
Share capital	\$14,047,244	\$9,430,914	\$8,319,082	\$6,266,739	\$3,344,320
Weighted average number of common shares outstanding (adjusted to reflect changes in capital)	50,904,852	45,246,932	42,680,615	34,942,240	21,567,675
Long-term debt	-	-	-	-	-

Disclosure of Exchange Rate History

Since June 1, 1970, the government of Canada has permitted a floating exchange rate to determine the value of the Canadian dollar as compared to the United States dollar. On April 23, 2015, the exchange rates in effect for Canadian dollars exchanged for United States dollars, expressed in terms of Canadian dollars (based on the noon buying rate of the Bank of Canada), was Cdn \$1.2147 for each one US dollar. For the past five fiscal years ended December 31, 2014 and for the monthly periods subsequent to that date, the following exchange rates were in effect for Canadian dollars exchanged for United States dollars, expressed in terms of Canadian dollars (based on the noon buying rates in New York City, for cable transfers in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York):

Year	Average
December 31, 2010	1.0223
December 31, 2011	0.9887
December 31, 2012	0.9996
December 31, 2013	1.0636
December 31, 2014	1.1643

Month	High / Low
September 2014	1.1208/1.0863
October 2014	1.1289/1.1136
November 2014	1.1427/1.1236
December 2014	1.1643/1.1344
January 2015	1.2717/1.1728
February 2015	1.2635/1.2403
March 2015	1.2803/1.2440

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Much of the information included in this annual report includes or is based upon estimates, projections or other “forward-looking statements”. Such forward-looking statements include any projections or estimates made by our company and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. We caution the reader that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements.

The common shares of our company are considered speculative. You should carefully consider the following risks and uncertainties in addition to other information in this annual report in evaluating our company and our business before purchasing any shares of our company. Our business, operating and financial condition could be harmed due to any of the following risks.

Risks Relating to our Business

Our company currently does not generate recurring revenue from its operations, and as a result, it faces a high risk of business failure.

We have generated \$4,120,400 in licensing revenues from our operations to date. This revenue was the payment of an upfront fee of \$4,120,400 pursuant to a Collaboration and Technology Transfer Agreement with Shiseido Company, Limited (“**Shiseido**”). This revenue was not recurring revenue from our operations and we may not obtain similar revenue in the future.

As of December 31, 2014, we had accumulated \$15,460,379 in losses since inception. Our business is focused on developing autologous cell therapies that treat functional cellular deficits including chronic tendon injuries, androgenetic alopecia and skin aging. In order to generate revenues, we will incur substantial expenses in the development of our business. We therefore expect to incur significant losses in the foreseeable future. Our company recognizes that if we are unable to generate significant revenues from our activities, our entire business may fail. There is no history upon which to base any assumption as to the likelihood that we will be successful in our plan of operation, and we can provide no assurance to investors that we will generate operating revenues or achieve profitable operations in the future.

We had cash in the amount of \$535,114 and working capital of \$1,783,970 as of December 31, 2014 and we anticipate that we will require a minimum of approximately \$4,000,000 to proceed with our plan of operations for the twelve month period ended December 31, 2015. In order to fund our plan of operations for the next twelve months, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of convertible debt securities or additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity.

Our auditors' opinion on our December 31, 2014 financial statements includes an explanatory paragraph in respect of there being substantial doubt about our ability to continue as a going concern.

We have incurred a net loss of \$15,460,379 for the cumulative period from September 7, 2006 (inception) to December 31, 2014. We anticipate generating losses for at least the next 12 months. Therefore, there is substantial doubt about our ability to continue operations in the future as a going concern, as described by our auditors with respect to the financial statements for the year ended December 31, 2014. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event that we cannot continue in existence. Our business operations may fail if our actual cash requirements exceed our estimates and we are not able to obtain further financing. If we cannot continue as a viable entity, our shareholders may lose some or all of their investment in our company.

Our business is at an early stage of development and difficulties obtaining regulatory approval, technical deficiencies and other challenges may hinder the development and marketing of our autologous cell therapies.

Our autologous cell therapy technology is at an early stage of development and we may not develop a cell replication technology that can be commercialized. We are still in the early stages of identifying and conducting research on our technology. Our technology will require significant research and development and preclinical and clinical testing prior to regulatory approval, if required, being obtained in the United States or other countries. We may not be able to obtain regulatory approvals, if required, to complete necessary clinical trials for our cell replication technology, or to commercialize it. Our technology may prove to have undesirable and unintended side effects, or other characteristics adversely affecting its safety, efficacy or cost-effectiveness could prevent or limit its use. Our technology may fail to provide its intended benefit, or achieve benefits equal to or better than our competitor's products at the time of testing or production and, if so, our business may fail.

Our clinical trials may fail to produce successful results or could be suspended due to unacceptable safety risks, which could cause our business to fail.

Clinical trials are subject to extensive regulatory requirements, and are very expensive, time-consuming and difficult to design and implement, in part because they may be subject to rigorous regulatory requirements. Our products may fail to achieve necessary safety and efficacy endpoints during clinical trials. We believe that our clinical trials will take a substantial period of time to complete. Furthermore, failure can occur at any stage of the trials, and we could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including: unforeseen safety issues; lack of effectiveness during clinical trials; slower than expected rates of patient recruitment; and inability to monitor patients adequately during or after treatment. In addition, we or regulatory officials may suspend our clinical trials at any time if it appears that we are exposing participants to unacceptable health risks. If our clinical trials fail to produce successful results, or are suspended due to unacceptable safety risks, our business may fail.

Our success depends on the acceptance of our cell replication technology by the medical community and consumers as a safe and effective solution.

The success of our cell replication technology will depend on its acceptance by potential consumers and the medical community. Because our technology is new in the treatment of functional cellular deficits including chronic tendon injuries, androgenetic alopecia and skin aging, the long term effects of using our new cell replication technology are unknown. The results of short-term clinical trials do not necessarily predict long-term clinical benefit or reveal adverse effects. If results obtained from future commercial experience indicate that our cell replication technology is not as safe or effective as other treatments, adoption of this technology by consumers and the medical community may suffer and our business will be harmed.

We face significant competition and if we are unable to successfully compete, our business may suffer a material negative impact.

The life sciences industry is highly competitive. We anticipate that we will continue to face increased competition as existing companies develop new or improved products and as new companies enter the market with new technologies. Many of our competitors are significantly larger than us and have greater financial, technical, research, marketing, sales, distribution and other resources than us. There can be no assurance that our competitors will not succeed in developing or marketing technologies and products that are more effective or commercially attractive than the products we are developing or that such competitors will not succeed in obtaining regulatory approval, or introducing or commercializing any such products, prior to us. Such developments could have a material adverse effect on our business, financial condition and results of operations. Also, even if we are able to compete successfully, there can be no assurance that we could do so in a profitable manner.

If we are not able to effectively protect our existing intellectual property, our business may suffer a material negative impact and may fail.

The success of our company will be dependent on our ability to protect and develop our technology. We currently have registered patents for our cell replication technology in Australia, the United States, Japan and the European Union. If we are unable to protect our intellectual property, our business may be materially adversely affected. Further, we cannot be sure that our activities do not and will not infringe on the intellectual property rights of others. If we are compelled to prosecute infringing parties, defend our intellectual property or defend ourselves from intellectual property claims made by others, we may face significant expense and liability, as well as the diversion of management's attention from our business, any of which could negatively impact our business or financial condition.

The actual protection afforded by a patent varies on a product-by-product basis, from country to country and depends on many factors, including the type of patent, the scope of its coverage, the availability of regulatory related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patents. Our ability to maintain and solidify our proprietary position for our products will depend on our success in obtaining effective claims and enforcing those claims once granted. Our registered patents and those that may be issued in the future, or those licensed to us, may be challenged, invalidated, unenforceable or circumvented, and the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages against competitors with similar products. We also rely on trade secrets to protect some of our technology, especially where it is believed that patent protection is not appropriate or obtainable. However, trade secrets are difficult to maintain. While we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose our proprietary information to competitors. Enforcement of claims that a third party has illegally obtained and is using trade secrets is expensive, time consuming and uncertain. In addition, non-U.S. courts are sometimes less willing than U.S. courts to protect trade secrets. If our competitors independently develop equivalent knowledge, methods and know-how, we would not be able to assert our trade secrets against them and our business could be harmed.

The successful acquisition and maintenance of patent rights is critical to our business and any failure in this regard could hinder the development and marketing of our technology.

We currently have patent applications pending in several other countries around the world. Our pending patent applications may not result in the issuance of any patents. The applications may not be sufficient to meet the statutory requirements for patentability in all cases or may be the subject of interference proceedings by patent

offices. These proceedings determine the priority of inventions and, thus, the right to a patent for technology. In the past, our patent applications have experienced delays and our patent applications may be delayed in the future. If others file patent applications or obtain patents similar to those we have licensed, such patents may restrict the use of our discoveries. We cannot predict the ultimate scope and validity of existing patents and patents that may be granted to third parties, nor can we predict the extent to which we may wish or be required to obtain licenses to use such patents, or the availability and cost of acquiring such licenses. To the extent that licenses are required, the owners of the patents could bring legal actions against us to claim damages or to stop our manufacturing and marketing of the affected technology. If we become involved in patent litigation, it could consume a substantial portion of our resources.

Our company may be subject to changes and uncertainties in laws and government regulations.

Our company is subject to regulation by domestic and foreign governmental agencies with respect to many aspects of developing autologous cell replication technology. In addition, relevant new legislation or regulation could occur. Any such new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our company's business, or the application of existing laws and regulations to cell replication technology, could have a material adverse effect on our company's business, prospects, financial condition and results of operations.

Risks Relating to our Management

We are dependent on the services of certain key consultants and the loss of any of these key consultants may have a materially adverse effect on our company.

While engaged in the business of developing a new cell replication technology, our company's ability to continue to develop a competitive edge in the marketplace will depend, in large part, on our ability to attract and maintain qualified key management personnel. Competition for such personnel is intense, and we may not be able to attract and retain such personnel. Our company's growth has depended, and in the future will continue to depend, on the efforts of our key management consultants. Loss of any of these people would have a material adverse effect on our company. Currently, our company does not have key-man life insurance.

Conflicts of interest may arise as a result of our company's directors and officers being directors or officers of other life sciences companies.

Certain of our company's directors and officers are, or may become, directors or officers of other life sciences companies. While we are engaged in the business of developing a new autologous cell replication technology, such associations may give rise to conflicts of interest from time to time. Our company's directors are required by law to act honestly and in good faith with a view to our company's best interests and to disclose any interest that they may have in any project or opportunity. If a conflict of interest arises at a meeting of our company's board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether or not our company will participate in any project or opportunity, our company's directors will primarily consider the degree of risk to which our company may be exposed and our financial position at the time.

Our articles contain provisions indemnifying our officers and directors against all costs, charges and expenses incurred by them.

Our articles contain provisions limiting the liability of our officers and directors for all acts, receipts, neglects or defaults of themselves and all of our other officers or directors or for any loss, damage or expense incurred by our company which may happen in the execution of the duties of such officers or directors. Such limitations on liability may reduce the likelihood of derivative litigation against our company's officers and directors and may discourage or deter our shareholders from suing our company's officers and directors based upon breaches of their duties to our company, though such an action, if successful, might otherwise benefit our company and our shareholders.

As a majority of our directors and officers are residents of countries other than the United States, investors may find it difficult to enforce, within the United States, any judgments obtained against our company, directors and officers.

A majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. Consequently, it may be

difficult for United States investors to effect service of process in the United States upon those directors or officers who are not residents of the United States, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under United States legislation. There is substantial doubt whether an original action based solely upon such civil liabilities could be brought successfully in Canada against any of such persons or our company.

Risks Relating to our Common Stock

If our business is unsuccessful, our shareholders may lose their entire investment.

Although shareholders will not be bound by or be personally liable for our expenses, liabilities or obligations beyond their total original capital contributions, should we suffer a deficiency in funds with which to meet our obligations, the shareholders as a whole may lose their entire investment in our company.

Trading of our company's common shares on the OTCQB (operated by the OTC Markets Group) and the TSX Venture Exchange is limited and sporadic, making it difficult for our company's shareholders to sell their shares or liquidate their investments.

The trading price of our company's common shares has been and may continue to be subject to wide fluctuations. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with little or no current business operations. There can be no assurance that trading prices and price earnings ratios previously experienced by our company's common shares will be matched or maintained. These broad market and industry factors may adversely affect the market price of the common shares, regardless of our company's operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for our company and a diversion of management's attention and resources.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional options to any of our officers, directors, employees or consultants.

Because our company's success is highly dependent upon our directors, officers and consultants, we have granted, and may again in the future grant, options to some or all of our key officers, directors, employees and consultants to purchase our common shares as non-cash incentives. Options may be granted at exercise prices below that of our common shares prevailing in the public trading market at the time or may be granted at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such options may be granted and exercised, the interests of our company's other shareholders may be diluted.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if our company issues additional shares or raises funds through the sale of equity securities.

In the event that our company is required to issue additional shares in order to raise financing, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. The dilution may result in a decline in the market price of our company's shares.

Penny stock rules limit the ability of our shareholders to sell their stock.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the

broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities.

The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a shareholder's ability to buy and sell our stock.

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

We do not intend to pay dividends on any investment in the shares of stock of our company.

We have never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of a dividend. Because we do not intend to declare dividends, any gain on an investment in our company will need to come through an increase in the stock's price. This may never happen and investors may lose all of their investment in our company.

ITEM 4 Information on RepliCel Life Sciences Inc.

A. History and Development of RepliCel Life Sciences Inc.

Name

Our legal name is "RepliCel Life Sciences Inc.". We changed our name from "Newcastle Resources Ltd." on June 22, 2011.

Principal Office

Our principal office is located at Suite 2020 – 401 West Georgia Street, Vancouver, British Columbia, Canada V6B 5A1. Our telephone number is (604) 248-8730 and our facsimile number is (604) 248-8690.

Corporate Information and Important Events

Our company was incorporated under the laws of the Province of Ontario (specifically under the *Business Corporations Act* (Ontario)) on April 24, 1967 under the name "Jolly Jumper Products of America Limited". On September 25, 1987, our name was changed to "Sun Valley Hot Springs Ranch Inc.". We changed our name to "Tri-Valley Free Trade Inc." on March 26, 1991 and to "Tri-Valley Investments Corporation" on June 19, 1995. On October 2, 1998, we changed our name to "TriLateral Venture Corporation". On May 6, 2004, we changed our name to "Pan American Gold Corporation" and on November 10, 2008, we changed our name to "Newcastle Resources Ltd.". On June 22, 2011, we continued our company from Ontario into British Columbia and changed our name to "RepliCel Life Sciences Inc.". We are a reporting issuer under the securities laws of the Provinces of British Columbia and Ontario. Under the *Business Corporations Act* (British Columbia), our company has an indefinite life span.

On November 10, 2008, our issued and outstanding common shares were consolidated on the basis of one (1) common share for every (30) common shares held and our name was changed to Newcastle Resources Ltd. The

reverse split and name change were effected with the OTC Bulletin Board on November 28, 2008, at which time our trading symbol was changed to “NCSLF”.

On December 22, 2010, we closed a Share Exchange Agreement with TrichoScience Innovations Inc. (“**TrichoScience**”) whereby we acquired the issued and outstanding shares of TrichoScience. During the year ended December 31, 2011, 100% of the former TrichoScience shareholders tendered their shares in exchange for our common shares and TrichoScience became a 100% owned subsidiary of our company. The TrichoScience shareholders who received our shares in connection with the closing deposited the shares with a trustee pursuant to the terms of a pooling agreement between us and the trustee. The common shares were subject to a timed release schedule under which 15% of the shares will be released on the first day of each of the fiscal quarters occurring after the first anniversary of the closing.

Concurrent with the reverse acquisition, we also acquired all of the issued and outstanding common shares of 583885 B.C. Ltd. (“**583885**”) in exchange for 4,400,000 of our common shares. 583885 did not have any assets or liabilities at the date of acquisition and was a private company controlled by our incoming Chief Executive Officer (“**CEO**”). 3,400,000 of our shares controlled by our CEO were deposited with an escrow agent pursuant to the terms of an escrow agreement between us and the escrow agent. These shares are released upon satisfaction of certain performance conditions as set out in the escrow agreement and each release of shares from escrow will be considered a compensatory award. The other 1,000,000 common shares issued were not subject to escrow provisions.

On June 22, 2011, we filed a continuance application with the corporate registrar of the Province of British Columbia and pursuant to which we continued our jurisdiction of incorporation from the Province of Ontario to the Province of British Columbia. In connection with the continuance, we adopted new articles and changed our name to “RepliCel Life Sciences Inc.”. We continued to the Province of British Columbia with our authorized capital consisting of an unlimited number of common shares without par value, an unlimited number of Class A preference shares without par value and an unlimited number of Class C preference shares without par value.

On November 29, 2011, 13,000,000 of the Class C preference shares, being all the issued and outstanding Class C shares, were converted on a 5:1 ratio, into 2,600,000 common shares by the holders thereof. All of the common shares issued on conversion of the Class C shares were deposited with a trustee pursuant to the terms of pooling agreements. The common shares were subject to a timed release schedule under which 15% of the shares will be released on the first day of each of the fiscal quarters beginning January 1, 2013.

On December 5, 2011, we filed articles of amendment with the corporate registrar of the Province of British Columbia, cancelling the Class C preference shares.

On February 29, 2012, we completed a private placement of 66,304 units at a price of US\$1.50 per unit for gross proceeds of US\$99,456. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at US\$2.50 per share for a period of 24 months from the closing of the financing.

On March 29, 2012, we completed a private placement of 876,042 units at a price of US\$1.50 per unit for gross proceeds of US\$1,314,063. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at US\$2.50 per share for a period of 24 months from the closing of the financing.

On April 18, 2012, we completed a private placement of 502,667 units at a price of US\$1.50 per unit for gross proceeds of US\$754,000. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at US\$2.50 per share for a period of 24 months from the closing of the financing. A finder’s fee of \$36,000 was issued in connection with the financing.

On April 20, 2012, we completed a private placement of 430,033 units at a price of US\$1.50 per unit for gross proceeds of US\$645,050. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at US\$2.50 per share for a period of 24 months from the closing of the financing.

On February 7, 2013, we amended the exercise price of the warrants expiring March 1, 2014, March 29, 2014, April 18, 2014 and April 20, 2014 from US\$2.50 to US\$0.50 per share. The warrants entitled holders to purchase an aggregate of 1,875,046 common shares.

On April 10, 2013, we completed a private placement of 1,643,555 units at price of \$0.31 per unit for gross proceeds of \$509,502, of which \$24,851 was included in share subscriptions as at December 31, 2012. A finder's fee of \$9,920 was paid in cash in connection with the private placement. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at \$0.50 per share for a period of 24 months from the closing of the financing. We recently extended the term of such warrants for another 12 months.

On May 21, 2013, we completed a private placement of 400,000 units at price of \$0.31 per unit for gross proceeds of \$124,000. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at \$0.50 per share for a period of 24 months from the closing of the financing. We recently extended the term of such Warrants for another 12 months.

On July 19, 2013, we completed a private placement of 1,050,000 shares at price of \$0.50 per unit for gross proceeds of \$525,000. A finder's fee of \$36,750 was paid in cash in connection with the private placement.

On May 9, 2014, we completed the first tranche of its financing, consisting of total units of 3,717,167 at a price of \$0.75 per unit for total gross proceeds of \$2,787,875.25. The financing consisted of a brokered private placement of 2,783,667 units at a price of \$0.75 per unit for gross proceeds of \$2,087,750.25 and a non-brokered private placement of 933,500 units at a price of \$0.75 per unit for gross proceeds of \$700,125.00. On May 21, we completed the second tranche of its financing, consisting of total units of 737,000 units at a price of \$0.75 per unit for gross proceeds of \$552,750. On June 17, 2014, we completed the third tranche of its financing, consisting of 866,000 units at a price of \$0.75 per unit for gross proceeds of \$649,500. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at a price of \$1.00 per share during the first year and \$1.25 per share during the second year.

Capital Expenditures

During the last three fiscal years ended December 31, 2014, we did not undertake any capital expenditures. On March 11, 2011, we acquired an additional 2,050,000 shares of TrichoScience at a price of \$1.00 per share. This acquisition was internally financed from the proceeds of our March 2011 private placement for gross proceeds of US\$2,550,000.

Takeover offers

We are not aware of any indication of any public takeover offers by third parties in respect of our common shares during our last and current financial years.

B. Business Overview and Plan of Operations

Overview

We are a regenerative medicine company focused on developing autologous cell therapies that treat functional cellular deficits. The diseases currently being addressed are chronic tendinosis, skin aging, and androgenetic alopecia (pattern baldness). Each disease state is consistent with a deficit of a specific cell type which we believe is critical to normal function. All treatments under development are based on our innovative technology which utilizes cells isolated from a patient's own healthy hair follicles. These products are built on our proprietary manufacturing platforms and are covered by issued and filed patents as well as trade secrets. We are also developing a programmable cell injector device designed for dermal injections of cells as currently approved dermal filler products.

The Potential of Autologous Cell Therapy

Our treatments use autologous cell therapy (“ACT”), which is one of the most rapidly developing areas of regenerative medicine in the development of novel treatments for numerous human disorders. ACT involves

isolating an individual's own cells from harvested tissues and growing more of those cells, or 'expanding' those cells, in controlled conditions in a laboratory. These purified, expanded cells are then reintroduced to the donor to treat a specific condition. The benefits of autologous (derived from the same person) therapy (as compared to heterologous or derived from a different person) includes minimized risks of systemic immunological (anaphylactic) reactions, bio-incompatibility, and disease transmission. Furthermore, the effects of ACT may be longer lasting than pharmacological or surgical interventions.

RCT-01: Treatment for Chronic Tendinosis

Background

Tendinosis refers to a chronic disease of the tendon. It is a function of an imbalance of tendon breakdown and tendon repair initiated first by an injury which does not heal properly. This leads to cycles of compromised repair and subsequent re-injury until such time as there is no healing and a degenerative process has set in. Typically, this chronic condition is linked to aging, overuse, and to general health. We believe that the current standard of care is failing to provide a satisfactory solution to this chronic condition.

Treatment

We believe that chronic tendon injuries resulting from sports-related or occupational overuse is a significant unmet medical need. Tendons consist of specialized connective tissues that attach muscles to bones, transmitting force and supporting the musculoskeletal system. When mechanical loads exceed the strength of a tendon or tensile range is lost due to aging, micro-tears of the collagen fibers within tendon occur. Once a tendon is injured, healing can occur intrinsically via tenocyte activation within the injured site or extrinsically via recruitment of collagen-producing cells from the surrounding area. Naturally healed tendon does not return to the same physiological state as 'intact' tendon, but does allow for normal function. Inadequate rest and improper healing often result in re-injury and rupture.

Current treatments manage pain and facilitate healing processes; however, they do not mediate complete recovery and leave patients demobilized for several months during treatment. We believe that improved therapeutic strategies are therefore in considerable demand. Our fibroblast technology for tendinosis, which we refer to as RCT-01, has been developed over five years of research, experimentation and trials. RCT-01 is a tissue-engineered product made from a procedure using collagen-producing fibroblasts isolated from non-bulbar dermal sheath (NBDS) cells within the hair follicle that are replicated in culture. These fibroblasts are efficient producers of type I collagen and because they are of anagen hair follicle mesenchymal origin, they have the potential to replicate efficiently in culture. The use of these fibroblasts are, therefore, ideal for treating chronic tendon disorders that arise due to either a degeneration of collagen producing cells or a deficit of active collagen producing cells. Because RCT-01 directly provides a source of collagen expressing cells to the site of injury, addressing the underlying cause of tendinosis, we believe it has advantages over current treatments such as the use of non-steroidal anti-inflammatory medication or corticosteroids which are limited in efficacy. Another advantage of RCT-01 is the autologous nature of the cellular product, thereby reducing the likelihood of adverse immune reactions upon administration.

Phase 1 Clinical Trial

Phase 1 human pilot clinical trials were conducted by our collaborative partner, Dr. David Connell, which focused on tendinosis of the Achilles, patellar and lateral elbow (commonly referred to as tennis elbow) using skin tissue derived fibroblasts. In these trials, where 90 patients were injected with cultured, autologous fibroblasts, no adverse events were reported. We have expanded on Dr. Connell's approach by isolating NBDS fibroblasts from the hair follicle that express upwards of five times the amount of type I collagen than fibroblasts derived from skin tissue as pursued by Dr. Connell.

Proposed Phase 2 Clinical Trial

On October 29, 2014, we submitted a Clinical Trial Application to Health Canada for our phase 1/2 clinical trial to test the safety and efficacy of injections of RCT-01 on patients suffering from chronic Achilles tendinosis. The proposed trial will enroll 82 subjects who have failed traditional tendon treatments and who are otherwise in good health. The mechanics of our treatment involve the extraction of as few as 20 hair follicles from the back of a patient's scalp via a single punch biopsy. NBDS cells are isolated from the hair follicle sheath, replicated in a

current Good Manufacturing Practices (cGMP) facility and are then reintroduced under ultrasound guidance directly into the area of damaged tendon. The collagen rich fibroblast cells are expected to initiate and complete the healing of the chronically injured tendon. After injections are performed, subjects will return to the clinic for assessments of safety, function and pain, as well as changes in tendon thickness, echotexture, interstitial tears and neovascularity. The primary end point will be safety while a secondary end point of efficacy will be measured at six months. We will pursue further indications of other tendon populations including patellar tendinosis (jumper's knee) and lateral and medial epicondylitis (tennis and golfer's elbow).

Intellectual Property

We have developed and filed patent applications relating to compositions, methods and uses of NBDS cells for the treatment and repair of tendons. We have also licensed a family of patent applications relating to the compositions and uses of dermally derived cells in the treatment of tendons and ligaments.

Competitors

Typically the pain associated with tendinosis is controlled by many treatment modalities including the use of analgesic and anti-inflammatory medications, rest, physical therapy, ice, orthotics, ergonomic adjustments, laser therapy, platelet-rich plasma injections, dextrose injections and surgery. However, there is currently no therapy to treat the underlying, causative nature of the disease.

Orthocell, an Australian company, is pursuing an autologous cell-based technology where they harvest and expand tenocyte cells isolated from a biopsy taken from a patient's own tendons. A pilot study of 17 patients with severe refractory lateral epicondylitis showed improved clinical function and structural repair at the origin of the common extensor tendon after the treatment. A larger clinical trial needs to be conducted in order to generate significant data. Furthermore, the necessity to remove tendon in order to cultivate the tenocyte cells is an invasive procedure. In contrast, our procedure only requires the removal of up to 20 hair follicles from the back of the scalp.

RCS-01: Treatment for Aging and Sun Damaged Skin

Background

Skin is considered one of the most prominent indicators of one's age and health. Maintenance of healthy skin is dictated by intrinsic and extrinsic factors. While intrinsic factors (i.e. chronologic age, sex and genetic makeup) cannot be modified, the adverse effects caused by extrinsic factors such as UV radiation and smoking can be prevented or minimized by lifestyle modification. Although these extrinsic effects can be modulated, the extent to which they can be modified varies significantly among individuals, which largely depends on one's ability to detoxify and repair such damage.

The dermis and epidermis components of the skin lose thickness with age. Solar radiation, particularly UVA, is known to penetrate deep into the dermal layer, damaging fibroblasts, collagen and other fibroblasts expressed proteins, which are the major cellular components of the dermis. Similarly, there are some studies reporting that air pollutants/nanoparticles may also penetrate transepidermally, negatively impacting the dermal layer. The damages caused by external stimuli include DNA strand breaks and mutations, which, if not repaired properly, can lead to cell death. Similarly, oxidative stress caused by smoking leads to not only damages to DNA but also to other cellular components such as proteins and lipids.

Accumulation of damage to cellular proteins and DNA from years of exposure to extrinsic insults can lead to physiological changes of the skin that are irreversible. Such changes are often associated with a reduction in fibroblast cells, disorganization of collagen fibrils and decreased production of collagen, elastin and other glycoproteins that provide structural support and stability to the extra cellular matrix ("ECM") network. Such changes to the dermal components are detrimental to maintaining mechanical tensile ability and structural integrity of the skin.

Treatment

Our NBDS-derived fibroblast therapy, which we refer to as RCS-01, provides a promising platform to treat intrinsically and extrinsically aged/damaged skin by providing UV-naïve collagen-producing fibroblast cells directly

to the affected area. Our unique manufacturing technology allows for isolation of fibroblasts derived from anagen-hair follicle mesenchymal tissues, which elicit more efficient replication potential in culture. Additionally, our proprietary culture procedures potentiate these cells to maintain plasticity, allowing the cells to adapt to the microenvironment and respond to the mechanical or surrounding stimuli after injection, leading to robust production of type I collagen and elastin and their proper alignment within the tissue.

On February 23, 2015, we filed a clinical trial application to the German Competent Authority, the Paul-Ehrlich-Institute, requesting clearance to initiate a Phase 1 clinical trial for the use of RCS-01 to treat patient's suffering from aged and UV-damaged skin. This trial will be a randomized, double-blind, placebo controlled study of intradermal injections of RCS-01 designed to assess local safety as well as systemic safety. In addition, quantitative analysis of skin aging-related bio-markers will be conducted along with histopathological assessment of treatment sites to determine structural changes.

Proposed Phase 1 Clinical Trial

We are currently conducting preclinical work on RCS-01 in conjunction with RCT-01. We plan to initiate a phase 1 trial for RCS-01 in 2015.

Competition

The facial injectables market comprises four product types: botulinum toxin, hyaluronic acid, fillers (particle and polymer fillers, collagen) and stem cells. These injectables can be used in the facial area to correct facial lines and folds and to rejuvenate and add volume to the face. As effective as they may be at treating wrinkles, fillers have a risk of allergic reaction and the formation of tiny bumps under the skin. A bluish skin discoloration known as the Tyndall effect is also possible. The color change can last for several months, but there are treatments available. In very rare cases, skin cells may die if the wrinkle fillers are not used properly. Typically, the wrinkle fillers with longer-lasting effects are the ones more likely to cause side effects.

Fibrocell Sciences has an approved fibroblast therapy for skin aging. Their FDA-approved autologous fibroblast cellular product for improving the appearance of moderate to severe nasolabial fold wrinkles (smile lines) in adults is called LAVIV® (azficel-T). We believe our source cells and manufacturing technology is disruptive both in duration of time to replicate the cells and in the amount of collagen and extracellular matrix expressed.

RCH-01: Treatment for Hair Loss

Background

Androgenetic alopecia (pattern hair loss) can affect up to 70% of men and 40% of women during the course of their lives. Although it is not a disease that causes physical pain, it does cause mental pain. Currently, over \$3 billion is spent each year on hair loss treatments that provide limited results. Androgenetic alopecia is largely an inherited disease. It can be inherited by males and females from either the mother's or father's side of the family. Women with this trait develop thinning hair, but do not commonly become completely bald.

Androgenetic alopecia is a process by which hair follicles shrink and produce smaller hairs thus reducing hair density. These miniaturized hair fibers have a shorter growth cycle and are structurally smaller. They produce thinner and shorter hair, which results in less scalp coverage. Eventually these follicles can regress to a state where they produce no hair at all.

Treatment

We believe our dermal sheath cup (DSC) cell therapy offers several advantages over current hair loss solutions. The current gold standard in hair loss treatment is hair transplant surgery which requires the surgical removal of a prominent band of hair-bearing scalp or multiple micro-biopsies from the back of the head. This band of resected tissue or biopsies are then dissected into hair follicles consisting of one to three hairs which are then implanted into balding areas on the scalp. Often a number of similar procedures are required to achieve the desired result and the patient is limited by the number of hairs that can be redistributed. In contrast, RCH-01 involves the extraction of as few as 20 hair follicles from the back of the patient's scalp where healthy cycling hair follicles reside. We believe

these cells are responsible for the continued health of the hair follicle and the normal cycling of the hair fiber. DSC cells are isolated from the hair follicles and are then replicated in culture at a cGMP compliant facility utilizing our proprietary cellular replication process, and are then reintroduced back into balding areas on a patient's scalp. The implanted cells are expected to rejuvenate damaged quiescent hair follicles leading to the growth of new healthy hair fibers. The anticipated long-term result of RCH-01 injections is the restoration and maintenance of a patient's hair.

Phase I Clinical Trial

The primary protocol objective of the study was to assess the local (at treatment sites) safety profile of injections of autologous DSC cells at six months post-injection compared to placebo. Secondary protocol objectives were to assess systemic (overall) safety and efficacy (hair growth at treatment sites) at six months post-injection and local safety at 24 months post-injection. The six-month interim analysis was designed to provide us with safety information to support the regulatory filing for a phase II clinical trial. The six-month interim analysis results support the continued development of DSC cells for the treatment of androgenetic alopecia. Participants of the phase I clinical trial will be followed for five years. The primary objective of the study is to provide long-term safety profile of injections of cultured DSC cells five years after injection compared to control.

Proposed Phase 2 Clinical Trial

We expect to file a phase 2 dose-finding trial for RCH-01 in 2015. The proposed trial will enroll approximately 160 male subjects in good health with mild to moderate androgenetic alopecia. After injections of RCH-01 are performed, subjects will return to the clinic for assessment of total, terminal and vellus hair density and cumulative hair thickness, as well as safety. The primary endpoint of efficacy will be measured at 12 months post final injection.

Collaboration Agreement

We have also entered into a Collaboration and Technology Transfer Agreement with Shiseido, one of the world's largest cosmetic companies. Both companies will work towards establishing a clinical research program in Asia, with the goal of increasing the available human clinical data on RCH-01. We anticipate that collaborative technology transfer will continue between the companies as any new improvements to the RCH-01 technology are developed by either party. This agreement gives Shiseido an exclusive geographic license to use our RCH-01 hair regeneration technology in Japan, China, South Korea, Taiwan and the ASEAN countries representing a population of approximately 2.1 billion people.

Intellectual Property

We have also filed patents on the use of hair follicle derived stem cells (see EP 1 509 597 B1) entitled "Method for isolating hair follicle mesenchymal stem cells". This family of patents describes methods for isolating stem cells from hair follicles, and the growth and use of these stem cells for the treatment of a variety of medical conditions (including hair loss). Within this portfolio, there are granted patents in Australia (AU 2003246521), Europe (EP1 509 597 B1), the United States (8,431,400) and Japan (2010-274731) which were issued unopposed. In Canada, a notice of allowance has been issued for CPA 2488-057 titled "Hair Follicle Mesenchymal Stem Cells and use thereof". Additional related patent applications are also pending in other jurisdictions.

Competition

There are many current hair loss treatments available.

Medical hair restoration consists of a variety of surgical hair restoration treatments designed to reduce baldness. Follicular unit hair transplant surgery is by far the dominant hair restoration treatment and involves the surgical removal of large portions of hair-bearing scalp from the back of the head. These sections of scalp skin are then dissected by hand into smaller hair follicle clusters or even single follicles (follicular units) and transplanted to the balding areas of a patient's scalp.

Follicular unit extraction or is another type of hair transplant technique in which a small round punch is used to extract follicular units from a patient's baldness-resistant donor areas. These 1-, 2-, 3- and 4-hair follicular unit grafts are then transplanted into a patient's balding areas. This is a time consuming and tedious procedure and a physician is often limited to transplanting 500 to 600 follicular unit grafts in one day. While the FUE procedure has grown in popularity, largely due to the minimally invasive way in which follicular unit grafts are removed, the standard strip excision method is still the leading hair transplant procedure accounting for 77.5% of surgical hair restoration procedures according to the International Society of Hair Restoration Surgery's 2011 practice census results.

Only two drug hair restoration treatments approved by the United States Food and Drug Administration are available today: minoxidil and finasteride. Minoxidil is marketed as Rogaine® and finasteride is marketed as Propecia®. These two products can be effective in hair loss prevention and may grow new hair. However, once a patient begins using Rogaine® or Propecia®, he or she must continue to use the products indefinitely. As with any drug, adverse reactions can sometimes occur.

Histogen is developing a hair stimulating complex that is based on the products of newborn cells grown under embryonic conditions. Histogen completed a 26 male-subject clinical trial on its hair stimulating complex. This double-blind, placebo-controlled study evaluated the safety in the clinical application of the product as an injectable for hair growth. No adverse events were seen at any time point, including the one year follow-up. In October 2012, Histogen announced initial results from its Phase I/II clinical trial stating that a significant improvement was seen across all targeted hair growth parameters with an 86% responder rate. The double blind trial was undertaken to further examine the safety and efficacy of intradermal injections of their hair stimulating complex in 56 men with androgenetic alopecia.

Follica Inc. is developing a treatment that stimulates the re-growth of hair follicles by harnessing their natural wound-healing response.

RCI-02: Dermal Injector Device

Background

To support our RCH-01 and RCS-01 products, we are developing a second generation dermal injector device. The RCI-02 Injector, now in production design, will be able to deliver programmable volumes of substances into programed depths to specific layers of the skin in a constant form with minimal pressure or shear stress, ensuring the injected substance is viable and healthy after application. By improving the conditions of substance delivery, we improve the chances of success in the treatment of the patient. A significant feature of the new device is the incorporation of a cooling element at the injection site, thus removing the need for an anesthetic. This is a significant improvement over current syringe-type devices where an anesthetic is required prior to injection.

We believe that this device will have applications in certain other dermatological procedures requiring injections of specific volumes of material at specific depths and as such, will look at licensing opportunities in these areas. In addition to the programmable variables of volume and depth, the device will also have interchangeable heads for different injection procedures (single and multi-needle). We expect development to be completed in 2015.

Intellectual Property

We have filed patent applications relating to devices for the delivery of therapeutically useful cells, as well as to compositions and methods for repairing tendons.

Competition

Launched in 2009, the Restylane® Injector offers even volume distribution, improved ergonomics over syringes, better depth control and preloaded devices. The injector is preloaded with 200 controlled doses of 10 µl per injection. The injector is used for Restylane Skinboosters Vital and Restylane Skinboosters Vital Light.

The Anteis Injection System was launched in 2010 by Anteis, a Swiss company focused on developing aesthetic dermatology products and ophthalmology devices. They have developed an automated injection device for local injections of Anteis aesthetic products (fillers and rejuvenation products). It features depth control, injection speed and volume control helping to reduce pain, bruising and swelling. A 32 gage needle is used for injections which helps to further reduce pain and the need for an anesthetic before treatment. The device received the Frost & Sullivan 2011 European New Product Innovation Award and the Reddot Design Award in 2010.

C. Organizational Structure

We currently are the parent company of one wholly-owned subsidiary, TrichoScience. TrichoScience is federally incorporated under the *Business Corporations Act* (Canada).

D. Property, Plant and Equipment

Our head office is located at Suite 2020 – 401 West Georgia Street, Vancouver, BC V6B 5A1. We have entered into an operatory lease agreement for our office premises, the term for which expires on October 15, 2015. Research and development is being conducted under contract with the University of British Columbia by Kevin McElwee, PhD at the UBC Dermatology facilities in Vancouver, British Columbia, Canada and by Dr. Rolf Hoffmann in Germany. We have no current plans to construct or lease dedicated laboratory facilities.

ITEM 4A Unresolved Staff Comments

On October 29, 2014, we received a comment letter from the Securities and Exchange Commission relating to disclosure in our Form 20-F for the year ended December 31, 2013, including a comment regarding our recognition of \$4,120,400 of revenue in 2013 related to the upfront payment we received from Shiseido under the Collaboration and Technology Transfer Agreement with Shiseido.

The Securities and Exchange Commission has inquired as to our application of International Auditing Standards 18 (“IAS 18”) in connection with the immediate recognition of such revenue. We continue to correspond with the Securities and Exchange Commission and have been providing them with a detailed analysis as to our application of IAS 18. The Securities and Exchange Commission has made additional inquiries as to our application of IAS 18 and we have submitted detailed responses to such inquiries. We are waiting for a response from the Securities and Exchange Commission but should the Securities and Exchange Commission disagree with our application of IAS 18, we may be required to restate our financial statements for the years ended December 2014 and 2013.

ITEM 5 Operating and Financial Review and Prospects

The information in this section is presented in accordance with IFRS for 2014, 2013 and 2012. IFRS differs in certain significant respects from U.S. GAAP. Historical results of operations, percentage relationships and any trends that may be inferred therefrom are not necessarily indicative of the operating results of any future period.

A. Operating Results

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

	Year ended December 31,		Change 2014 to 2013	
	2014 (\$)	2013 (\$)	Increase/ (Decrease) (\$)	Percent Change
Revenue				
Licensing fees	-	4,120,400	(4,120,400)	(100)%
Expenses				
Research and development	1,942,877	1,561,963	380,914	24%
General and administrative	3,267,739	2,175,209	1,092,530	50%

	Year ended December 31,		Change 2014 to 2013	
	2014 (\$)	2013 (\$)	Increase/ (Decrease) (\$)	Percent Change
Other items	(12,205)	(240)	(11,965)	4,985%
Income tax	-	412,040	(412,040)	(100)%
Total loss	(5,198,411)	(28,572)	5,169,839	18,094%

There was no revenue from operations for the year ended December 31, 2014. During the year ended December 31, 2013, we completed a Collaboration and Technology Transfer Agreement with Shiseido. Shiseido paid us an upfront fee of \$4,120,400 (¥400,000,000). We recorded gross revenue from its licensing agreement with Shiseido in the amount of \$4,120,400, less withholding taxes of \$412,040; we received \$3,708,360 during the third quarter of 2013.

Research and development expenses totaled \$1,942,877 for the year ended December 31, 2014 compared to \$1,561,963 for the year ended December 31, 2013. Research expense for the year ended December 31, 2014 was \$1,469,196 compared to \$1,321,728 in the prior year period. The increase was the result of advancing the pre-clinical work for RCT-01, development of the RCI-02 injector device prototype, improvements in the cell replication process for RCH-01 in preparation for our submission to regulatory authorities and incremental expenditure on intellectual property. During the year ended December 31, 2014, we incurred costs of \$473,681 relating to our clinical trials compared to \$240,235 for the year ended December 31, 2013. The increase was the result of increased operational activities in 2014 and on-going clinical development.

General and administrative expenses totaled \$3,267,739 for the year ended December 31, 2014 compared to \$2,175,209 for the year ended December 31, 2013. The increase is primarily attributable to an increase in the following expenses: consulting (2014: \$332,428, 2013: \$185,000); marketing and investor relations activities (2014: \$547,461, 2013: \$228,791); transfer agent and filing fees (2014: \$155,796, 2013: \$87,747); and travel (2014: \$219,197, 2013: \$155,730). These increases are primarily a result of our listing on the TSX Venture Exchange and an overall increase to operational activities in 2014.

We recognized a stock based compensation charge of \$784,395 for the year ended December 31, 2014 (2013: \$395,092) for stock options granted under our stock option plan and founders stock option agreements described above under the heading “Information on RepliCel Life Sciences Inc. – Corporate Information and Important Events – Stock Options”. The overall increase in stock-based compensation expense in 2014 compared to 2013 was primarily due to the vesting of options in 2014.

During the year ended December 31, 2013, we received an assessment as a result of Canada Revenue Agency’s audit of the Scientific Research & Experimental Development claim filed by TrichoScience for the period ending December 21, 2010. As a result of the assessment, TrichoScience received a refundable investment tax credit in the amount of \$150,783 compared to \$nil for the year ended December 31, 2014.

Total comprehensive loss for the year ended December 31, 2014 was \$5,198,411, or \$0.10 per share on a basic and diluted basis, compared to a net loss of \$28,572, or \$nil per share on a basic and diluted basis, for the year ended December 31, 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

	Year ended December 31,		Change 2013 to 2012	
	2013 (\$)	2012 (\$)	Increase/ (Decrease) (\$)	Percent Change
Revenue				
Licensing fees	4,120,400	-	4,120,400	100%
Expenses				
Research and development	1,561,963	1,065,075	496,888	47%
General and administrative	2,175,209	3,408,894	(1,233,685)	(36)%

	Year ended December 31,		Change 2013 to 2012	
	2013 (\$)	2012 (\$)	Increase/ (Decrease) (\$)	Percent Change
Other items	(240)	(1,110,794)	1,111,554	99%
Income tax	412,040	-	(412,040)	(100)%
Total loss	(28,572)	(3,363,175)	3,334,603	(99)%

During the year ended December 31, 2013, we completed a Collaboration and Technology Transfer Agreement with Shiseido. Shiseido paid us an upfront fee of \$4,120,400 (¥400,000,000). We recorded gross revenue from its licensing agreement with Shiseido in the amount of \$4,120,400, less withholding taxes of \$412,040 we received \$3,708,360 during the third quarter of 2013. There was no revenue from operations for the year ended December 31, 2012.

Research and development expenses totaled \$1,561,963 for the year ended December 31, 2013 compared to \$1,065,075 for the year ended December 31, 2012. Research expense for the year ended December 31, 2013 was \$1,321,728 compared to \$426,341 in the prior year period. The increase was the result of advancing the pre-clinical work for RCT-01, development of the RCI-02 injector device prototype, improvements in the cell replication process for RCH-01 in preparation for our submission to regulatory authorities and incremental expenditure on intellectual property. During the year ended December 31, 2013, we incurred costs of \$240,235 relating to our clinical trials compared to \$638,734 for the year ended December 31, 2012. Clinical trial costs have declined as we near the completion and monitoring phase of the Phase I clinical trial for RCH-01.

General and administrative expenses totaled \$2,175,209 for the year ended December 31, 2013 compared to \$3,408,894 for the year ended December 31, 2012. The decrease is primarily attributable to a decline in marketing and investor relations activities (2013: \$228,791, 2012: \$639,997), and a reduction in stock based compensation (2013: \$395,092, 2012: \$1,381,589) which resulted from the forfeiture of options held by certain employees and consultants during the year. Consulting (2013: \$185,000, 2012: \$123,200), legal (2013: \$151,876, 2012: \$95,383), office (2013: \$224,474, 2012: \$198,377), salaries (2013: \$597,941, 2012: \$656,803), and travel (2013: \$155,730, 2012: \$125,102) all increased during the year ended December 31, 2013, and helped offset the overall decrease in general and administrative expenses. The increase in legal and travel fees relates to negotiations associated with the Shiseido licensing and technology transfer agreement, while the increase in office expenses is due to the lease signed October 2012 for new premises and associated operating costs.

During the year ended December 31, 2013, we amended the exercise price of the warrants denominated in a foreign currency from US\$2.50 to US\$0.50 per share, resulting in a loss on the fair value of the derivative liability of \$140,182 (2012: gain \$1,116,445). These warrants expired at various times between March 1, 2014 and April 20, 2014.

During the year ended December 31, 2013, we received an assessment as a result of Canada Revenue Agency's audit of the Scientific Research & Experimental Development claim filed by TrichoScience for the period ending December 21, 2010. As a result of the assessment, TrichoScience received a refundable investment tax credit in the amount of \$150,783 (2012: \$nil).

Total comprehensive loss for the year ended December 31, 2013 was \$28,572, or \$nil per share on a basic and diluted basis, compared to a net loss of \$3,363,175, or \$0.08 per share on a basic and diluted basis, for the year ended December 31, 2012.

B. Liquidity and Capital Resources

Our consolidated financial statements have been prepared on a going concern basis which assumes that we will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. At December 31, 2014, we had earned \$4,120,400 in revenue from its business, had accumulated losses of \$15,460,379 since incorporation and expected to incur further losses in the development of our business, which casts substantial doubt about our ability to continue as a going concern. At December 31, 2014, we had working capital of \$1,783,970. Additional working capital will be required for research and development along with general and administrative expenses and to further our business plans. Our financial statements do not include any adjustments

relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event that we cannot continue as a going concern.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating Activities

During the year ended December 31, 2014, \$4,445,854 was used in net cash from operating activities compared to \$494,592 of cash provided in operating activities for the year ended December 31, 2013. The increase in cash used by operating activities was a result of the licensing agreement with Shiseido entered into in the third quarter of 2013.

Investing Activities

During the year ended December 31, 2014, the net cash used in investing activities was \$1,510,165 compared to net cash used in investing activities of \$7,854 for the year ended December 31, 2013. Investing activities relate solely to the purchase of equipment.

Financing Activities

During the year ended December 31, 2014, we issued 1,508,512 common shares at a price of US\$0.50 per share for gross proceeds of \$834,218 in connection with the exercise of share purchase warrants. In addition, we completed private placements for total gross proceeds of \$3,990,125. Finder's fees of \$291,215 were paid in connection with these private placements. During the year ended December 31, 2013, we completed private placements for total gross proceeds of \$1,133,651. Finder's fees of \$46,670 were paid in connection with these private placements. Additional working capital will be required for general and administrative expenses and to further our business plans.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Operating Activities

During the year ended December 31, 2013, \$494,592 was provided in net cash from operating activities compared to a use of cash of \$2,957,711 for the year ended December 31, 2012. The increase in cash provided by operating activities was a result of the licensing agreement with Shiseido entered into in the third quarter of 2013.

Investing Activities

During the year ended December 31, 2013, the net cash used in investing activities was \$7,854 compared to net cash used in investing activities of \$9,090 for the year ended December 31, 2012. Investing activities relate solely to the purchase of equipment.

Financing Activities

During the year ended December 31, 2013, we issued 1,050,000 common shares at a price of \$0.50 per share for gross proceeds of \$525,000 and 2,043,555 common shares issued at a price of \$0.31 per unit for gross proceeds of \$633,502, of which \$24,851 was included in share subscriptions at December 31, 2012. Finder's fees of \$46,670 were paid in connection with the transaction. Each unit issued consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at \$0.50 per share for a period of 24 months from the closing of the Financing. Additional working capital will be required for general and administrative expenses and to further our business plans.

Going Concern

Due to the uncertainty of our ability to meet our current operating and capital expenses, in the auditor's report on our annual financial statements for the year ended December 31, 2014, our auditors included an explanatory paragraph on their report in respect of there being substantial doubt about our ability to continue as a going concern.

We anticipate that we will require a minimum of approximately \$4,000,000 to proceed with our plan of operations for the twelve month period ended December 31, 2015. We have no current material commitments for capital expenditures.

We do not currently have sufficient capital resources to fund our plan of operations for the next twelve months, as described in Item 4.B of this Form 20-F. We plan to raise additional capital through the sale of debt or equity securities or through other forms of financing in order to raise the funds necessary to pursue our plan of operations. We currently do not have any arrangements in place for the completion of any financings and there is no assurance that we will be successful in completing any financings. There can be no assurance that additional financing will be available when needed or, if available, on commercially reasonable terms. If we are not able to obtain additional financing on a timely basis, we may not be able to pursue our plan of operations or meet our obligations as they come due, and may be forced to scale down, or perhaps even cease, business operations.

Cash on hand is currently our only source of liquidity. We do not have any lending arrangements in place with banking or financial institutions and we do not know whether we will be able to secure such funding arrangements in the near future.

Critical Accounting Policies and Estimates

We make estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in our annual audited financial statements for the year ended December 31, 2014 are as follows:

Share Based Payments and Derivatives Liabilities related to Equities

We measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 8(d) of our annual audited financial statements for the year ended December 31, 2014.

Similar methodology to the share-based payments is used to determine the fair value of derivative liabilities related to warrants denominated in U.S. dollars. The assumptions and models used for estimating the fair value for derivative liabilities are disclosed in Note 8(g) to our annual audited financial statements for the year ended December 31, 2014.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. We recognize liabilities and contingencies for anticipated tax audit issues based on our current understanding of the tax law. For matters where it is probable that an adjustment will be made, we record our best estimate of the tax liability including the related interest and penalties in the current tax provision. Our management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, we will recognize deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

C. Research and Development, Patents and Licenses etc.

Research and development expenses totaled \$1,942,877 for the year ended December 31, 2014 compared to \$1,561,963 for the year ended December 31, 2013. Research expense for the year ended December 31, 2014 was \$1,469,196 compared to \$1,321,728 in the prior year period. The increase was the result of advancing the pre-clinical work for RCT-01, development of the RCI-02 injector device prototype, improvements in the cell replication process for RCH-01 in preparation for our submission to regulatory authorities and incremental expenditure on intellectual property. During the year ended December 31, 2014, we incurred costs of \$473,681 relating to our clinical trials compared to \$240,235 for the year ended December 31, 2013. The increase was the result of increased operational activities in 2014 and on-going clinical development.

D. Trend Information

We do not currently know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

F. Contractual Obligations

Our only contractual obligations are an operating lease agreement for our office premises. The term of the lease is for three years with it ending on October 31, 2015 and the annual commitments for 2015 is \$117,618.

G. Safe Harbor

Not applicable.

ITEM 6 Directors, Senior Management and Employees

A. Directors and Senior Management

There are no family relationships between any of the directors, senior management or employees. We have no arrangement or understanding with any major shareholders or other persons pursuant to which any of our directors

or officers was selected as a director or officer. The following table sets out information regarding our directors and senior management, and any employees upon whose work our company is dependent.

Name and Age	Present Position with our Company	Age	Date of Commencement with our Company
David Hall	Chief Executive Officer, President and Director	61	December 22, 2010
Tom Kordyback	Chief Financial Officer	63	August 22, 2011
Lee Buckler	VP, Business and Corporate Development	49	October 1, 2014
Dr. Rolf Hoffmann	Chief Medical Officer and Director	53	December 22, 2010
Dr. Kevin McElwee	Chief Scientific Officer	44	December 22, 2010
Peter Jensen ⁽¹⁾	Chairman of the Board and Director	63	December 22, 2010
John Challis ⁽¹⁾	Director	68	March 11, 2011
Peter Lewis ⁽¹⁾	Director	59	May 27, 2011
Darrell Panich	VP Clinical Affairs	43	March 15, 2010
Gemma Fetterley	VP Finance, Secretary and Treasurer	36	March 11, 2011
Brooke Hurford	Finance Director and Secretary	33	July 7, 2014

⁽¹⁾ Member of the audit committee and nominating, compensation and corporate governance committee.

David Hall – Chief Executive Officer, President and Director

Mr. Hall has almost two decades of experience in the life sciences industry. From 1994 through 2008, he served in roles as Chief Financial Officer, Chief Compliance Officer and Senior Vice President of Government & Community Relations for Angiotech Pharmaceuticals Inc. He also acted as the Corporate Secretary and Treasurer of Angiotech. Mr. Hall is highly committed to governmental policy issues related to the biotech industry. He is a past Chairman of Life Sciences BC and currently serves as a director of Advantage BC. He has served as the Chairman of the Biotech Industry Advisory Committee to the BC Competition Council and as a member of the BC Task Force on PharmaCare. Mr. Hall is also a member of the University of British Columbia's Tech Equity Investment Committee, a director and Chairman of the Audit Committee of GLG Lifetech Corporation.

Tom Kordyback, CA – Chief Financial Officer

Mr. Kordyback has over 25 years of experience in corporate finance and management for emerging growth companies. He has held senior financial positions with Glenayre Electronics Inc. and Telelink Communications Inc. In 1995, he joined Creo Inc. as their Chief Financial Officer where he oversaw private financings totaling more than \$80 million and led the company's Initial Public Offering on the NASDAQ stock exchange for \$90 million. He remained at Creo until 2000. Mr. Kordyback also served as a director and member of the Audit, Compensation and Merger and Acquisitions Committees for Extreme CCTV Inc., a developer and manufacturer of state-of-the-art surveillance systems listed on the TSX. In 2008, the company was sold to Bosch Security Systems, Inc. for CDN \$93 million. Mr. Kordyback currently serves as director of Silver Sun Resources Corp., a public Canadian-based resource company.

Lee Buckler, B.Ed, LLB - VP Business and Corporate Development

Mr. Buckler has been an executive in the cell therapy sector since 2000 beginning with Malachite Management in the Stem Cell Technologies group of companies. Most recently he was the Managing Director of Cell Therapy Group, a firm he formed in 2008 where he did business development consulting for companies and organizations in or interested in the cell therapy sector. His work included deal-targeting, transactions, market intelligence, competitive analyses, strategic assessments, and market profile planning for companies ranging from top-tier multinationals to start-ups. Mr. Buckler has a Bachelor's Degree in Education and a Law Degree. After law school, he did a one year judicial clerkship with the B.C. Supreme Court and was a practicing attorney for three years at Edwards, Kenny & Bray. Mr. Buckler served six years as the Executive Director of the International Society for

Cellular Therapy and just over two years as Director of Business Development for Progenitor Cell Therapy. He is on the editorial advisory boards of the journal Regenerative Medicine and the BioProcess International magazine as well as the Co-Chair of the Alliance for Regenerative Medicine's Communications and Education Committee. He co-founded Cell Therapy News, founded Cell Therapy Blog, founded and continues to manage the LinkedIn Cell Therapy Industry Group, co-founded Regenerative Medicine Jobs, and is an active industry commentator in publications and in social media. Mr. Buckler serves on numerous industry conference advisory boards, is an advisory board member for BioCision and RoosterBio, and is on the Board of Directors for Hemostemix Inc.

Prof. Rolf Hoffmann, MD – Chief Medical Officer and Director

Dr. Hoffmann is a European-based clinical researcher who has spent decades researching the fields of pattern hair loss, alopecia areata, endocrinology of the hair follicle and hair follicle morphogenesis. Together with Dr. McElwee, he is the applicant of a landmark patent on the use of hair follicle cup cells and their use in hair diseases. He is working clinically in his private practice, as a teaching professor in the Department of Dermatology for Marburg University, Germany, as well as a researcher on histopathologically on hair diseases, where he has published chapters in text books. Dr. Hoffmann has participated in dozens of clinical hair studies and consulted for a variety of large companies on hair matters. He is the inventor of TrichoScan®, a computerized technique to measure hair growth. Since then, he has run a successful privately owned company to market the device for dermatologists and to offer it as a service for clinical trials.

Dr. Kevin McElwee, PhD – Chief Scientific Officer

Dr. McElwee is an Associate Professor in the Department of Dermatology and Skin Health at the University of British Columbia, and Director of the Hair Research Laboratory in the Vancouver Coastal Health Research Institute at Vancouver General Hospital (VGH). His research is funded by competitive grants awarded by multiple organizations including the Canadian Institute for Health Research (the equivalent of the National Institute for Health in the USA). Dr. McElwee is one of only a small group of research scientists worldwide who studies hair biology and associated diseases. He has worked as a hair research scientist for 12 years and has published over 70 medical journal articles, research abstracts and academic book chapters on hair loss research. Dr. McElwee received his Bachelor of Science degree from the University of Aberdeen, Scotland and his PhD from the University of Dundee, Scotland. Postdoctoral training included three years at the Jackson Laboratory in Maine, USA and four years at the University of Marburg, Germany, studying various hair loss diseases.

Peter Jensen – Chairman of the Board and Director

Mr. Jensen holds a Bachelor of Science and two Law degrees from McGill University. Prior to his law degrees, he was engaged in diabetes research and medical clinic management. In 1981, he commenced the practice of law in the corporate and securities fields in British Columbia, Canada. Mr. Jensen has a wide range of legal counseling experience internationally and has a depth of experience in trans-border transactions. Mr. Jensen has been and is a director of a number of private and publicly traded companies and has assisted in the raising of finance for these companies in Canada, the United States, Europe and Asia.

John Challis – Director

Dr. Challis is the past President and CEO of the Michael Smith Foundation for Health Research, British Columbia's health research funding organization. Dr. Challis received his PhD from the University of Cambridge and began his career as a research scientist at the University of Oxford. In 1976, he came to Canada as a faculty member at McGill University and joined the faculty at the University of Western Ontario two years later. Dr. Challis served as founding Scientific Director of the Lawson Research Institute at St. Joseph's Health Centre and as the Centre's Vice-President (Research). In 1995, he joined the University of Toronto as Professor and Chair of the Department of Physiology and in 2001 he was appointed the founding Scientific Director of the Canadian Institute of Health Research, Institute of Human Development, Child and Youth Health. Dr. Challis served as Vice-President, Research and Associate Provost at the University of Toronto between 2003 and 2007.

In 2007, Dr. Challis was awarded the McLaughlin Medal from the Royal Society of Canada for important research of sustained excellence in medical science. In March 2009, Dr. Challis received the President's Distinguished

Scientist Award from the Society for Gynaecologic Investigation (SGI). Currently, he holds the rank of University Professor Emeritus, University of Toronto, Departments of Physiology, Medicine and Obstetrics and Gynaecology. Dr. Challis is an internationally-recognized researcher in the fields of physiology, obstetrics and gynaecology. He is a Fellow of the Royal Society of Canada, Fellow of the Royal College of Obstetricians and Gynecologists, and Fellow of the Canadian Academy of Health Sciences. He has published more than 500 scientific papers and articles, trained more than 70 graduate students and postdoctoral fellows and has served as President of several professional associations in his field of research.

Peter Lewis, CA – Director

Mr. Lewis is a partner with Lewis and Company, a firm specializing in taxation law since 1993. His areas of expertise include tax planning, acquisitions and divestitures, reorganizations and estate planning. He is a sought after educator, having taught and presented taxation courses at the Institute of Chartered Accountants of British Columbia and the Canadian Tax Foundation.

Darrell Panich, MSc, PMP, CPM - Vice President, Clinical Affairs

Mr. Panich is an experienced clinical trial management specialist. He has managed multinational clinical research studies in more than 15 different countries for over 20 different pharmaceutical and biotechnology companies. He obtained his Master of Science degree from the University of Alberta while conducting clinical research in neuroscience. Mr. Panich has obtained certifications in project management from the Project Management Institute (Project Management Professional; PMP) and Project Management Leadership Group (Certified Project Manager; CPM).

Gemma Fetterley, CA - VP Finance and Secretary

Ms. Fetterley is a Chartered Accountant and holds a degree in Economics from the University of British Columbia. Ms. Fetterley has spent several years in public practice specializing in the brokerage industry, as well as audit and advisory work for both private and public clients. She recently held a senior management finance role with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games, and has a wide range of experience in accounting and finance.

Brooke Hurford, CA – Finance Director and Secretary

Ms. Hurford is a Chartered Accountant and holds a Bachelor of Arts degree from the University of British Columbia. Ms. Hurford has spent several years in public practice at a major Canadian accounting firm. She recently held a role in the treasury department at the Bank of Montreal, and has extensive experience providing financial reporting and corporate services to public companies.

B. Compensation

The following table sets out the compensation provided to our directors and senior management for performance of their duties during the fiscal year ended December 31, 2014:

SUMMARY COMPENSATION TABLE									
Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive compensation plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
David Hall CEO, President and Director	2014	396,000	N/A	N/A	N/A	N/A	N/A	N/A	396,000
Tom Kordyback Chief Financial Officer	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lee Buckler VP, Business and Corporate Development	2014	83,750	N/A	74,200	N/A	N/A	N/A	N/A	157,950
Dr. Rolf Hoffmann Chief Medical Officer and Director	2014	189,762 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A	189,762
Dr. Kevin McElwee Chief Scientific Officer Founder of TrichoScience	2014	65,762 ⁽³⁾	N/A	N/A	N/A	N/A	N/A	N/A	65,762
Peter Jensen Chairmen and Director	2014	N/A	N/A	N/A	N/A	N/A	N/A	18,500 ⁽⁴⁾	18,500
John Challis Director	2014	N/A	N/A	N/A	N/A	N/A	N/A	10,750 ⁽⁵⁾	10,750
Peter Lewis Director	2014	N/A	N/A	N/A	N/A	N/A	N/A	13,250 ⁽⁶⁾	13,250
Darrell Panich VP, Clinical Affairs	2014	131,000	N/A	N/A	N/A	N/A	N/A	N/A	131,000
Gemma Fetterley VP, Finance and Secretary	2014	101,868	N/A	N/A	N/A	N/A	N/A	N/A	101,868
Brooke Hurford Finance Director and Secretary	2014	49,421	N/A	13,719	N/A	N/A	N/A	N/A	63,140

(1) The valuation of option-based awards is based on the fair value of the options at the time of the grant is based on the Black Scholes model and includes the following assumptions; weighted average risk free rate, weighted average expected life, expected volatility and dividend yield. For options that vest, only the vested options are valued. Details of options granted during 2014 are included in the table below under the heading "Share Ownership - Stock Option Plan".

(2) Paid to companies controlled by Dr. Hoffmann.

(3) Paid to a company controlled by Dr. McElwee.

(4) Mr. Jensen was paid \$18,500 in director's fees by our company for the fiscal year ended December 31, 2014.

(5) Mr. Challis was paid \$10,750 in director's fees by our company for the fiscal year ended December 31, 2014.

⁽⁶⁾ Mr. Lewis was paid \$13,250 in director's fees by our company for the fiscal year ended December 31, 2014.

Pension, Retirement or Similar Benefits

We do not provide pension, retirement or similar benefits to directors and executive officers. No funds were set aside or accrued by our company during the fiscal year ended December 31, 2014 to provide pension, retirement or similar benefits to our directors or officers pursuant to any existing plan provided or contributed to by us or our subsidiaries.

C. Board Practices

Our directors are re-elected at the annual general meeting of our shareholders and our officers are re-appointed by our board of directors at a directors' meeting following the annual general meeting. Each of our current directors and officers will hold their respective office until their successor is elected or appointed, unless such office is earlier vacated under any of the relevant provisions of our articles or the *Business Corporations Act* (British Columbia).

The following sets out terms of the consulting agreement between our company and David Hall. Mr. Hall is the only director of our company who is entitled to receive benefits upon termination of employment, as described below.

Consulting Agreement: David Hall

Pursuant to an employment agreement, effective as of January 1, 2011, between David Hall, our company and TrichoScience, Mr. Hall serves as President and Chief Executive Officer of our company and TrichoScience for a base salary of \$30,000 per month. The initial term of this agreement is for five years and is automatically renewable for subsequent two year terms. Under the agreement, Mr. Hall will be eligible to participate in a bonus plan as and when established by our company, which currently is anticipated to provide for bonuses based on a target bonus of 100 percent of the base salary earned by Mr. Hall during each fiscal year in accordance with milestones to be established by our board of directors. Mr. Hall may also be eligible to receive additional stock option grants or awards under other equity based incentive plans from time to time. In the case of general grants of options or awards to executives, Mr. Hall shall receive not less than 10% of such general grant unless our board of directors presents material reasons for lesser or non-participation. If, within 24 months of a change of control of our company, Mr. Hall's employment is terminated for any reason other than for just cause, we will pay Mr. Hall: any unpaid base salary earned but unpaid; a lump sum amount as severance compensation equal to 36 months of base salary and an additional 2 months of base salary for each additional full year of employment completed after the first year of Mr. Hall's employment, up to a combined maximum of 48 months' base salary; a lump sum amount as compensation for loss of any benefits made available to Mr. Hall, including any benefit coverage under any group, health, dental, life or disability insurance plan up to a total amount of \$100,000 plus an additional \$2,000 for each additional full year of employment complete after the first year of Mr. Hall's employment, to a combined maximum of \$124,000; the balance of any payments due under any bonus plan; and a further lump sum payment equal to two times the greater of: (i) the average of the payments made to Mr. Hall under the bonus plan in each of the two immediately preceding fiscal years; and (ii) the amount of Mr. Hall's target bonus under the bonus plan for the fiscal year in which Mr. Hall's employment is terminated.

Consulting Agreement: Darrell Panich

Pursuant to an employment agreement, effective as of March 15, 2010, between Darrell Panich and TrichoScience, Mr. Panich serves as Vice President Clinical Affairs of our company and TrichoScience for a base salary of \$125,000 per annum. Under the agreement, Mr. Panich will be eligible to participate in a bonus plan as and when established by our company, which currently is anticipated to provide for bonuses based on a target bonus of 20 percent of the base salary earned by Mr. Panich during each fiscal year in accordance with milestones to be established by our board of directors. Mr. Panich may also be eligible to receive additional stock option grants or awards under other equity based incentive plans from time to time. If, within 12 months of a change of control of our company, Mr. Panich's employment is terminated for any reason other than for just cause, we will pay Mr. Panich: any unpaid base salary earned but unpaid; a lump sum amount as severance compensation equal to three months of base salary for three years of employment and one additional month of base salary for each year of employment after the first three years; vacation pay and, if granted a performance bonus.

Consulting Agreement: Gemma Fetterley

Pursuant to an employment agreement, effective as of March 11, 2011, between Gemma Fetterley and our company, Ms. Fetterley serves as Vice President Finance of our company and TrichoScience for a base salary of \$110,000 per annum. Under the agreement, Ms. Fetterley will be eligible to participate in a bonus plan as and when established by our company, which currently is anticipated to provide for bonuses based on a target bonus of 20 percent of the base salary earned by Ms. Fetterley during each fiscal year in accordance with milestones to be established by our board of directors. Ms. Fetterley may also be eligible to receive additional stock option grants or awards under other equity based incentive plans from time to time. If, within 12 months of a change of control of our company, Ms. Fetterley's employment is terminated for any reason other than for just cause, we will pay Ms. Fetterley: any unpaid base salary earned but unpaid; a lump sum amount as severance compensation equal to three months of base salary for three years of employment and one additional month of base salary for each year of employment after the first three years; vacation pay and, if granted a performance bonus.

Audit Committee

Our audit committee is comprised of Peter Lewis, John Challis and Peter Jensen. The audit committee reviews and approves the scope of the audit procedures employed by our independent auditors, reviews the results of the auditor's examination, the scope of audits, the auditor's opinion on the adequacy of internal controls and quality of financial reporting and our accounting and reporting principles, policies and practices, as well as our accounting, financial and operating controls. The audit committee also reports to the board of directors with respect to such matters and recommends the selection of independent auditors. Before financial statements that are to be submitted to the shareholders at an annual general meeting are considered by the board of directors, such financial statements are submitted to the audit committee for review, following which the report of the audit committee on the financial statements is submitted to the board of directors.

Nominating, Compensation and Corporate Governance Committee

Our nominating, compensation and corporate governance committee is comprised of Peter Lewis, John Challis and Peter Jensen. The purpose of the nominating, compensation and corporate governance committee is to identify individuals qualified to become directors on our board of directors or any of its committees, consistent with criteria approved by our board of directors, and to select, or to recommend that our board of directors select, such director nominees, whether at the next annual meeting of the shareholders or otherwise. The committee also periodically evaluates the qualifications and independence of each director on our board of directors or its various committees and recommend to our board of directors, as the committee may deem appropriate, any recommended changes in the composition of our board of directors or any of its committees. The committee also develops and recommends to our board of directors corporate governance principles applicable to our company and annually assess the performance of our board of directors.

D. Employees

As of December 31, 2014, we had seven full time employees and ten contractors, the majority of which are located in Vancouver, British Columbia. These employees and contractors have expertise in biotechnology management, clinical trials, financial management and communications.

E. Share Ownership

Our directors, senior management and key employees beneficially own, directly or indirectly, the number of shares set out in the table below:

Name and Office Held	Number of Common Shares⁽¹⁾	Percentage of Common Shares⁽²⁾
David Hall Chief Executive Officer, President and Director	2,400,000 ⁽³⁾	4.4%

Name and Office Held	Number of Common Shares ⁽¹⁾	Percentage of Common Shares ⁽²⁾
Tom Kordyback Chief Financial Officer	137,718	*
Lee Buckler VP, Business and Corporate Development	34,044	*
Dr. Rolf Hoffmann Chief Medical Officer and Director	5,218,268	9.5%
Dr. Kevin McElwee Chief Scientific Officer	4,241,717	7.7%
Peter Jensen Chairmen and Director	505,000 ⁽⁴⁾	*
Peter Lewis Director	50,000	*
John Challis Director	Nil	Nil
Darrell Panich VP, Clinical Affairs	Nil	Nil
Gemma Fetterley VP, Finance and Secretary	Nil	Nil
Brooke Hurford, Finance Director and Secretary	1,000	*

* Less than 1%.

(1) Does not include options to acquire common shares of our company held by the persons set forth in the table. For a description of options held by the persons set forth in the table above, see below under the heading “Stock Option Plan”.

(2) Based on 54,947,288 common shares issued and outstanding as of March 25, 2015.

(3) Does not include 1,000,000 common shares held by Mr. Hall’s wife over which Mr. Hall does not exercise control or direction.

(4) Includes 77,500 common shares held by other individuals over which Mr. Jenson has control.

Stock Option Plan

On December 22, 2010, our board of directors approved the adoption of the 2010 Stock Option Plan, which was ratified and approved by our shareholders on January 5, 2011. On April 17, 2014, our board of directors approved the adoption of our 2014 Stock Option Plan (the “**2014 Plan**”), which was ratified by our shareholders on May 21, 2014.

Under the 2014 Plan the number of shares reserved for issuance pursuant to the exercise of options granted under the 2014 Plan cannot exceed 10% of the total number of issued shares of our company (calculated on a non-diluted basis) at the time an option is granted. The purpose of the 2014 Plan is to advance the interests of our company and its shareholders by attracting, retaining and motivating selected directors, officers, employees and consultants of our company of high caliber and potential and to encourage and enable such persons to acquire an ownership interest in our company.

The following information is intended as a brief description of the 2014 Plan:

1. Our board of directors (which for the purposes of the 2014 Plan includes any committee setup by our board of directors to govern the stock options) shall establish the exercise price at the time each option is granted, subject to the following conditions:
 - (a) if the shares are listed on the TSX Venture Exchange, the exercise price will not be less than the minimum prevailing price permitted by the policies of the TSX Venture Exchange;
 - (b) if the shares are not listed, posted and trading on any stock exchange or bulletin board, then the exercise price will be determined by our board of directors at the time of granting;

- (c) if an option is granted within 90 days of a distribution by a prospectus by our company, the exercise price will not be less than the price that is the greater of the minimum prevailing price permitted by the TSX Venture Exchange policies and the per share price paid by public investors for shares acquired under the distribution by the prospectus, with the 90 day period beginning on the date a final receipt is issued for the prospectus; and
 - (d) in all other cases, the exercise price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.
- 2. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of shares in respect of the expired or terminated option shall again be available for an option grant under the 2014 Plan.
- 3. All options granted under the 2014 Plan may not have an expiry date exceeding ten years from the date on which the option is granted.
- 4. Options granted to any one individual in any 12 month period cannot exceed more than 5% of the issued shares of our company, unless our company has obtained disinterested shareholder approval.
- 5. Options granted to any one consultant in any 12 month period cannot exceed more than 2% of the issued shares of our company, without the prior consent of the TSX Venture Exchange.
- 6. Options granted to all persons, in aggregate, conducting investor relations activities in any 12 month period cannot exceed more than 2% of the issued shares, without the prior consent of the TSX Venture Exchange.
- 7. Options issued to optionees performing investor relations activities will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.
- 8. If a director, employee or consultant of our company is terminated for cause or resigns, then any option granted to such option holder will terminate immediately upon such option holder ceasing to be a director, employee, or consultant by reason of termination for cause or by resignation.
- 9. If an option holder ceases to be a director, employee or consultant of our company (other than by reason of death, disability, resignation or termination of services for cause), as the case may be, then any option granted to such option holder that had vested and was exercisable on the date of termination will expire on the earlier of the expiry date and the date that is 90 days following the date that such option holder ceases to be a director, employee or service provider of our company.
- 10. If an option holder dies, the option holder's lawful personal representatives, heirs or executors may exercise any option granted to such option holder that had vested and was exercisable on the date of death until the earlier of the expiry date and one year after the date of death of such option holder.
- 11. If an option holder ceases to be a director, employee or consultant as a result of a disability, such option holder may exercise any option granted to such option holder that had vested and was exercisable on the date of disability until the earlier of the expiry date and 90 days after the date of disability.
- 12. Options granted to directors, employees or consultants will vest when granted unless determined by our board of directors on a case by case basis, other than options granted to consultants performing investor relations activities, which will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.
- 13. Options granted under the 2014 Plan are not assignable or transferable by an option holder.
- 14. Our board of directors may, from time to time, subject to regulatory or shareholder approval, if required under the policies of the TSX Venture Exchange, amend or revise the terms of the 2014 Plan.

The 2014 Plan provides that other terms and conditions may be attached to a particular stock option at the discretion of our board of directors.

The following table sets forth the amount and terms of options to acquire common shares of our company we have granted to our directors, senior management and key employees:

Name and Office Held	Number of Options	Date of Grant	Exercise Price	Expiry Date
Tom Kordyback Chief Financial Officer	100,000	September 5, 2013	\$0.55	September 5, 2020
Dr. Rolf Hoffmann Chief Medical Officer and Director	350,000	December 22, 2010	US\$0.50	July 13, 2017
Lee Buckler VP, Business and Corporate Development	150,000	September 12, 2014	\$0.53	September 12, 2019
	50,000	October 1, 2014	\$0.55	October 1, 2019
Dr. Kevin McElwee Chief Scientific Officer	350,000	December 22, 2010	US\$0.50	July 13, 2017
Peter Jensen Chairmen and Director	65,000	December 22, 2010	US\$0.50	July 13, 2017
	10,000	September 5, 2013	\$0.55	September 5, 2020
John Challis Director	100,000	September 5, 2013	\$0.55	September 5, 2020
Peter Lewis Director	100,000	September 5, 2013	\$0.55	September 5, 2020
Darrell Panich VP, Clinical Affairs	100,000	March 11, 2011	US\$1.00	March 11, 2018
	100,000	September 5, 2013	\$0.55	September 5, 2020
Gemma Fetterley VP, Finance and Secretary	100,000	March 11, 2011	US\$1.00	March 11, 2018
	100,000	September 5, 2013	\$0.55	September 5, 2020
Brooke Hurford Finance Director and Secretary	30,000	July 7, 2014	\$0.66	July 7, 2019

ITEM 7 Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth persons known to us to be the beneficial owner of more than five percent (5%) of each class of our shares issued and outstanding as of March 25, 2015:

Name	Number of Common Shares ⁽¹⁾	Percentage of Common Shares ⁽²⁾
Dr. Rolf Hoffmann	5,218,268	9.5%
Dr. Kevin McElwee	4,241,717	7.7%
Dr. Jerry Shapiro	4,241,717	7.7%
Matthew Wayrynen	3,981,744 ⁽³⁾	7.2%
David Hall	2,400,000 ⁽⁴⁾	4.4%

(1) Does not include options to acquire common shares of our company held by the persons set forth in the table.

(2) Based on 54,947,288 common shares issued and outstanding as of March 25, 2015. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

(3) Does not include 1,009,932 common shares held by a company that Mr. Wayrynen serves as a director.

(4) Does not include 1,000,000 common shares held by Mr. Hall's wife over which Mr. Hall does not exercise control or direction.

The voting rights of our major shareholders do not differ from the voting rights of holders of our shares who are not major shareholders. Each of the above listed securities entitles the holder to one vote at our company's shareholder meetings.

The following table sets forth the number of our issued and outstanding common shares that are held by record holders in the United States. We have no Class A preference shares outstanding:

Class	Number of Shareholders	Total Shares Held	Percentage of Common Shares
Common Shares	42	2,625,516	4.78% ⁽¹⁾

⁽¹⁾ Based on 54,947,288 common shares issued and outstanding as of March 25, 2015.

To our knowledge we are not directly or indirectly owned or controlled by another company, a foreign government or any other natural or legal person, severally or jointly.

To our knowledge, there are no arrangements the operation of which may, at a subsequent date, result in a change in the control of our company.

B. Related Party Transactions

The following sets forth all material transactions and loans from January 1, 2012 to the current date between our company and: (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, our company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of our company that gives them significant influence over our company and close members of any such individuals' families; (d) key management personnel of our company, including directors and senior management of our company and close members of such individuals' families; and (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. For the purposes of this section, shareholders beneficially owning a 10% interest in the voting power of our company are presumed to have a significant influence:

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31, 2014	December 31, 2013	December 31, 2012
Research and development fees owing to:			
Tricholog GmbH, a company controlled by Rolf Hoffmann, a director and officer of our company,	-	\$14,818	\$31,318
Dermaticum, a company controlled by Rolf Hoffmann, a director and officer of our company	-	\$1,050	-
McElwee Consulting Inc., a company controlled by Kevin McElwee, an officer of our company	-	\$10,000	\$5,000
Kevin McElwee, an officer of our company	-	\$1,868	\$2,265
General and administrative fees (salaries) owed to:			
David Hall, a director and officer of our company	\$9,127	-	-
Peter Jensen, a director of our company	-	-	\$5,500

	December 31, 2014	December 31, 2013	December 31, 2012
Peter Lewis, a director of our company	-	-	\$4,230
John Challis, a director of our company	-	-	\$4,000
	\$9,127	\$27,736	\$52,333

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related party transactions

We incurred the following transactions with companies that are controlled by directors and/or officers of our company. The transactions were measured at The transactions were measured at the amount established and agreed to by the parties.

	December 31, 2014	December 31, 2013	December 31, 2012
Research and development fees paid to:			
Tricholog GmbH, a company controlled by Rolf Hoffmann, a director and officer of our company,	\$183,060	\$190,053	\$215,995
Dermaticum, a company controlled by Rolf Hoffmann, a director and officer of our company	\$8,736	\$11,342	\$4,680
McElwee Consulting Inc., a company controlled by Kevin McElwee, an officer of our company	\$65,762	\$56,785	\$53,571
	\$257,558	\$258,180	\$274,246

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive directors, our chief executive officer and our chief financial officer. For details regarding the compensation, please see Item 6.B.

	December 31, 2014	December 31, 2013	December 31, 2012
General and administrative – salaries	\$438,500	\$436,000	\$411,000
Stock-based compensation	\$45,986	\$125,487	\$161,565
	\$484,486	\$561,487	\$572,565

C. Interests of Experts and Counsel

Not applicable.

ITEM 8 Financial Information

A. Financial Statements and Other Financial Information

Our financial statements are stated in Canadian dollars and are prepared in accordance with IFRS as issued by the IASB. In this Form 20-F, unless otherwise specified, all dollar amounts are expressed in Canadian dollars. Financial statements included with this annual report are listed below:

Audited Annual Financial Statements as at December 31, 2014 and 2013:

Independent Auditor’s Report of BDO Canada LLP, dated April 27, 2015;

Consolidated Statement of Financial Position as at December 31, 2014 and 2013;

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2014, 2013 and 2012;

Consolidated Statements of Changes in Equity for the years ended December 31, 2014, 2013 and 2012;

Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; and

Notes to the Consolidated Financial Statements.

The audited consolidated financial statements for the years ended December 31, 2014 and 2013 can be found under “Item 17 Financial Statements”.

Legal Proceedings

There are no legal or arbitration proceedings which may have, or have had in the recent past, a significant effect on our financial position or profitability.

Dividend Distributions

Holders of our common shares are entitled to receive such dividends as may be declared from time to time by our board of directors, in its discretion, out of funds legally available for that purpose. We intend to retain future earnings, if any, for use in the operation and expansion of our business and do not intend to pay any cash dividends in the foreseeable future.

B. Significant Changes

There were no significant changes in our financial affairs since December 31, 2014.

ITEM 9 The Offer and Listing

A. Offer and Listing Details

Price History

Since April 16, 2004, our common shares have been quoted on the OTC Bulletin Board or the OTCQB, as applicable, currently under the symbol “REPCF”. The following table sets forth the annual high and low market prices for our common shares on the OTC Bulletin Board or the OTCQB, as applicable, for the five most recent full fiscal years:

OTC Bulletin Board / OTCQB		
Annual Highs and Lows	High (U.S.\$)	Low (U.S.\$)
2010	4.00	0.17
2011	3.05	1.75
2012	2.60	0.75
2013	0.78	0.35
2014	0.87	0.30

From October 1, 2012 to January 10, 2014, our common shares were quoted on the CSE (formerly the CNSX), under the symbol “RP”. The following table sets forth the annual high and low market prices for our common shares on the CSE for such period:

CSE		
Annual Highs and Lows	High (CAD\$)	Low (CAD\$)
2012	0.75	0.75
2013	0.55	0.25
2014	0.50	0.50

Since January 13, 2014, our common shares have been quoted on the TSX Venture Exchange, under the symbol “RP”. The following table sets forth the annual high and low market prices for our common shares on the TSX Venture Exchange since the listing date:

TSX Venture Exchange		
Annual Highs and Lows	High (CAD\$)	Low (CAD\$)
2014	0.93	0.58

The high and low market prices for our common shares for each full fiscal quarter for the two most recent full fiscal years on the OTC Bulletin Board or the OTCQB, as applicable, were as follows:

OTC Bulletin Board / OTCQB		
Quarterly Highs and Lows	High (U.S.\$)	Low (U.S.\$)
2013		
First Quarter	0.70	0.39
Second Quarter	0.78	0.35
Third Quarter	0.70	0.42
Fourth Quarter	0.55	0.35
2014		
First Quarter	0.87	0.52
Second Quarter	0.74	0.49
Third Quarter	0.65	0.44
Fourth Quarter	0.46	0.26

The high and low market prices for our common shares for each full fiscal quarter since listing on the CSE were as follows:

CSE		
Quarterly Highs and Lows	High (CAD\$)	Low (CAD\$)
2013		
First Quarter	0.75	0.41
Second Quarter	0.50	0.50
Third Quarter	0.50	0.25
Fourth Quarter	0.50	0.25
2014		
First Quarter	No trades	

The high and low market prices for our common shares for each full fiscal quarter since listing on the TSX Venture Exchange were as follows:

TSX Venture Exchange		
Quarterly Highs and Lows	High (CAD\$)	Low (CAD\$)
2014		
First Quarter	0.99	0.50
Second Quarter	0.80	0.55
Third Quarter	0.70	0.48
Fourth Quarter	0.52	0.30

The high and low market prices of our common shares for each of the most recent six months on the OTC Bulletin Board or the OTCQB, as applicable, were as follows:

OTC Bulletin Board / OTCQB		
Monthly Highs and Lows	High (U.S.\$)	Low (U.S.\$)
October 2014	0.46	0.36
November 2014	0.43	0.33
December 2014	0.35	0.26
January 2015	0.34	0.26
February 2015	0.33	0.28
March 2015	0.58	0.31

The high and low market prices of our common shares for each of the most recent six months on the TSX Venture Exchange were as follows:

TSX Venture Exchange		
Monthly Highs and Lows	High (CAD\$)	Low (CAD\$)
October 2014	0.52	0.38
November 2014	0.48	0.35
December 2014	0.40	0.30
January 2015	0.42	0.32
February 2015	0.42	0.34
March 2015	0.72	0.39

The trading price and volume of our company's common shares has been and may continue to be subject to wide fluctuations. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with little or no current business operations. Because our common shares are only sporadically traded on the OTC Bulletin Board, OTCQB and the TSX Venture Exchange, shareholders may find it difficult to liquidate their shares, or purchase new shares, at certain times.

All of our common shares are issued in registered form. The transfer of our common shares is managed by our transfer agent, Computershare Investor Services Inc., 3rd Floor – 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 (Telephone: 604.661.0271; Facsimile: 604.661.9549).

B. Plan of Distribution

Not applicable.

C. Markets

Since April 16, 2004, our common shares have been quoted on the OTC Bulletin Board or the OTCQB, as applicable, under the symbol “REPCF”; since October 1, 2012, on the CSE (formerly the CNSX) under the symbol “RP”; since January 13, 2014 on the TSX Venture Exchange; and, since September 2012, on the Berlin Stock Exchange under the symbol P6P1 and code number A1JHCB. Our shares are not currently listed for trading on any other market or quotation system. On January 10, 2014, we delisted from the CSE (formerly the CNSX).

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10 Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We have been continued under the laws of the Province of British Columbia, Canada and have been assigned the number C0913693. Our company is governed by the *Business Corporations Act* (British Columbia).

Our Articles do not contain a description of our objects and purposes.

Our Articles do not restrict a director’s power to vote on a proposal, arrangement or contract in which the director is materially interested, vote compensation to themselves or any other members of their body in the absence of an independent quorum or exercise borrowing powers. There is no mandatory retirement age for our directors and our directors are not required to own securities of our company in order to serve as directors.

Our authorized capital consists of an unlimited number of common shares without par value and an unlimited number of Class A preference shares without par value. Our Class A preference shares may be issued in one or more series and our board of directors may fix the number of shares which is to comprise each series and designate the rights, privileges, restrictions and conditions attaching to each series. There are no Class A preference shares issued and outstanding.

Holders of our common shares are entitled to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote, receive any dividend declared by us and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, receive the remaining property of our company upon dissolution.

The provisions in our Articles attaching to our common shares and Class A preference shares may be altered, amended, repealed, suspended or changed by the affirmative vote of the holders of not less than two-thirds of the

common shares and two-thirds of the Class A preference shares, respectively, present in person or by proxy at any such meeting of holders.

Our Articles provide for our directors to hold office until the expiry of his term (which is stipulated to be immediately before the next election or appointment of directors at an annual general meeting of our shareholders) or until his successor is elected or appointed, unless their respective office is earlier vacated in accordance with our Articles or with the provisions of the *Business Corporations Act* (British Columbia). A director appointed or elected to fill a vacancy on the board of directors holds office for the unexpired term of their predecessor.

An annual meeting of shareholders must be held at such time in each year that is not later than fifteen months after the last preceding annual meeting and at such place as our board of directors may from time to time determine. The holders of not less than five percent of our issued shares that carry the right to vote at a meeting may requisition our board of directors to call a meeting of shareholders for the purposes stated in the requisition. The quorum for the transaction of business at any meeting of shareholders is two persons who are entitled to vote at the meeting in person or by proxy. Only persons entitled to vote, our directors, president, secretary, lawyers and auditors, and others who, although not entitled to vote, are otherwise entitled or required to be present, are entitled to be present at a meeting of shareholders, provided that only persons entitled to vote may be counted in the quorum.

Except as provided in the *Investment Canada Act*, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or British Columbia, or in our charter documents. See the section entitled “Exchange Controls” below for a discussion of the principal features of the *Investment Canada Act* for non-Canadian residents proposing to acquire our common shares.

Our Articles do not contain provisions that would have an effect of delaying, deferring or preventing a change in control of our company, other than authorizing the issuance by our board of directors of preferred stock in series and limiting the persons who may call special meetings of shareholders. Our Articles do not contain any provisions that would operate only with respect to a merger, acquisition or corporate restructuring of our company.

Our Articles do not contain any provisions governing the ownership threshold above which shareholder ownership must be disclosed.

Our Articles are not significantly different from the requirements of the *Business Corporations Act* (British Columbia), and the conditions imposed by our Articles governing changes in capital are not more stringent than what is required by the *Business Corporations Act* (British Columbia).

C. Material Contracts

The material contracts which our company and TrichoScience have entered into during the last two years are set out below.

- On January 15, 2013, our company entered into an arrangement with a Berlin-based investor relations firm, Deutsche Investors-Relations GmbH (“**Deutsche IR**”). The arrangement is for a period of twelve months commencing on January 15, 2013 and expiring January 15, 2014, for compensation of €3,350 per month. Pursuant to the terms of the arrangement, Deutsche IR agreed to conduct investor relations activities for our company and to raise our profile in the financial marketplace and the financial press using informational reports and public filings of our company. The arrangement was terminated on September 1, 2013.
- On July 9, 2013, our company entered into a Collaboration and Technology Transfer Agreement with Shiseido for an exclusive geographic license for our RCH-01 hair regeneration technology. Under the agreement, Shiseido paid us an upfront fee of ¥400,000,000 (\$4,120,400) (paid). In addition, Shiseido will pay us sales milestones up to ¥3,000,000,000. We are also entitled to royalties on sales. Under the agreement, the collaboration between Shiseido includes the disclosure and discussion of future clinical trials and related documentation in relation the transferred technology. Each party is responsible for its own costs and expenses. Our responsibility with respect to the collaboration is limited to the transfer of technology to Shiseido (completed).

- On September 1, 2013, our company entered into an agreement with Westwicke Partners as its investor relations agency to assist in our communications with investors. Westwicke Partners provides strategic investor relations and capital markets advisory services exclusively to public and private companies in the healthcare sector. The agreement is for a period of 12 months, expiring August 31, 2014 for compensation of US\$15,000 per month. The agreement was terminated on June 30, 2014.
- On November 29, 2013, TrichoScience signed a collaborative research agreement with the University of British Columbia and the Vancouver Coastal Health Authority (together, the “**Institutions**”). Under the collaborative research agreement, the Institutions agreed to undertake hair cell research and we agreed to pay research costs totaling \$179,650. We will gain the rights to any intellectual property arising from the collaborative research agreement. TrichoScience agreed to make the following payments to the Institutions in installments, as follows: \$44,912.50 on January 1, 2014, \$44,912.50 on April 1, 2014, \$44,912.50 on July 1, 2014, and \$44,912.50 on October 1, 2014.
- On February 26, 2014, our company entered into an agreement with Ubika Communication, a division of Ubika Corporation to provide capital market exposure in exchange for an initial payment of \$10,000 and a \$2,500 per month fee for a period of 12 months. Ubika Communication provides capital market exposure services via their flagship website portal smallcapower.com (SCP) which is also featured on the Financial Post website. SCP represents a unique way for small cap companies to bridge between the traditional investor relations business model and the online world that is becoming increasingly important for maximizing shareholder value. The agreement was terminated on November 1, 2014.
- On June 1, 2014, our company entered into an agreement with Christina Cameron, an Investor Relations consultant to create and execute the company’s investor relations strategy within Canada. The agreement is for a period of 12 months, expiring June 1, 2015 for compensation of \$7,500 per month. Ms. Cameron is a life sciences capital markets expert with over 13 years of experience in investor relations and investment banking. Her extensive network of sell-side, buy-side, retail investors and industry partners will be invaluable to RepliCel as it looks to broaden its Canadian stakeholder base.
- On September 9, 2014, our company entered into an agreement with Venture-Liquidity Providers Inc. (“**VLP**”) to initiate its market-making service to provide assistance in maintaining an orderly trading market for the common shares of the Company. The agreement is for a period of 12 months, expiring September 9, 2015 for compensation of \$5,000 per month.
- On June 18, 2014, our company entered into an agreement with O&M Partners, LLC to assist in targeting non-deal institutional and independent money managers throughout the United States including financial centers often overlooked by biotech companies. The agreement is for a period of 6 months, expiring December 18, 2014 for compensation of USD \$6,000 per month.
- On January 1, 2015, TrichoScience signed a collaborative research agreement with the University of British Columbia and the Vancouver Coastal Health Authority. Under the collaborative research agreement, the Institutions agreed to undertake hair cell research and we agreed to pay research costs totaling \$179,650. We will gain the rights to any intellectual property arising from the collaborative research agreement. We agreed to make the following payments to the Institutions in installments, as follows: \$44,912.50 on January 1, 2015, \$44,912.50 on April 1, 2015, \$44,912.50 on July 1, 2015, and \$44,912.50 on October 1, 2015.

D. Exchange Controls

There are presently no governmental laws, decrees or regulations in Canada which restrict the export or import of capital, or which impose foreign exchange controls or affect the remittance of interest, dividends or other payments to non-resident holders of our common shares. However, any remittances of dividends to shareholders not resident in Canada are subject to withholding tax in Canada. See the section entitled “Taxation” below.

Except as provided in the *Investment Canada Act*, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or British Columbia or in our charter documents. The

following summarizes the principal features of the *Investment Canada Act* for non-Canadian residents proposing to acquire our common shares.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal advice to any holder or prospective holder of our common shares, and no opinion or representation to any holder or prospective holder of our common shares is hereby made. Accordingly, holders and prospective holders of our common shares should consult with their own legal advisors with respect to the consequences of purchasing and owning our common shares.

The *Investment Canada Act* governs the direct or indirect acquisition of control of an existing Canadian business by non-Canadians. Under the *Investment Canada Act*, non-Canadian persons or entities acquiring “control” (as defined in the *Investment Canada Act*) of a corporation carrying on business in Canada are required to either notify, or file an application for review with, Industry Canada, unless a specific exemption, as set out in the *Investment Canada Act*, applies. Industry Canada may review any transaction which results in the direct or indirect acquisition of control of a Canadian business, where the gross value of corporate assets exceeds certain threshold levels (which are higher for investors from members of the World Trade Organization, including United States residents, or World Trade Organization member-controlled companies) or where the activity of the business is related to Canada’s cultural heritage or national identity. No change of voting control will be deemed to have occurred, for purposes of the *Investment Canada Act*, if less than one-third of the voting control of a Canadian corporation is acquired by an investor. In addition, the *Investment Canada Act* permits the Canadian government to review any investment where the responsible Minister has reasonable grounds to believe that an investment by a non-Canadian could be injurious to national security. No financial threshold applies to a national security review. The Minister may deny the investment, ask for undertakings, provide terms or conditions for the investment or, where the investment has already been made, require divestment. Review can occur before or after closing and may apply to corporate reorganizations where there is no change in ultimate control.

If an investment is reviewable under the *Investment Canada Act*, an application for review in the form prescribed is normally required to be filed with Industry Canada prior to the investment taking place, and the investment may not be implemented until the review has been completed and the Minister responsible for the *Investment Canada Act* is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian applicant must not implement the investment, or if the investment has been implemented, may be required to divest itself of control of the Canadian business that is the subject of the investment. The Minister is required to provide reasons for a decision that an investment is not of net benefit to Canada.

Certain transactions relating to our common shares will generally be exempt from the *Investment Canada Act*, subject to the Minister’s prerogative to conduct a national security review, including:

1. the acquisition of our common shares by a person in the ordinary course of that person’s business as a trader or dealer in securities;
2. the acquisition of control of our company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the *Investment Canada Act*; and
3. the acquisition of control of our company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of our company, through ownership of our common shares, remains unchanged.

E. Taxation

Material Canadian Federal Income Tax Consequences

We consider that the following general summary fairly describes the principal Canadian federal income tax consequences applicable to a holder of our common shares who is a resident of the United States, who is not, will not be and will not be deemed to be, a resident of Canada for purposes of the *Income Tax Act* (Canada) and any applicable tax treaty and who does not use or hold, and is not deemed to use or hold, his common shares in the capital of our company in connection with carrying on a business in Canada (a “**non-resident holder**”).

This summary is based upon the current provisions of the *Income Tax Act*, the regulations thereunder (the “**Regulations**”), the current publicly announced administrative and assessing policies of the Canada Revenue Agency and the Canada-United States Tax Convention (1980), as amended (the “**Treaty**”). This summary also takes into account the amendments to the *Income Tax Act* and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that all such Tax Proposals will be enacted in their present form. However, no assurances can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax consequences applicable to a holder of our common shares and, except for the foregoing, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax consequences described herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of our common shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of our common shares is made. Accordingly, holders and prospective holders of our common shares should consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of our common shares in their particular circumstances.

Dividends

Dividends paid on our common shares to a non-resident holder will be subject under the *Income Tax Act* to withholding tax which tax is deducted at source by our company. The withholding tax rate for dividends prescribed by the *Income Tax Act* is 25% but this rate may be reduced under the provisions of an applicable tax treaty. Under the Treaty, the withholding tax rate is reduced to 15% on dividends paid by our company to residents of the United States and is further reduced to 5% where the beneficial owner of the dividends is a corporation resident in the United States that owns at least 10% of the voting shares of our company.

Capital Gains

A non-resident holder is not subject to tax under the *Income Tax Act* in respect of a capital gain realized upon the disposition of a common share of our company unless such share is “taxable Canadian property” (as defined in the *Income Tax Act*) of the non-resident holder. Our common shares generally will not be taxable Canadian property of a non-resident holder unless the non-resident holder alone or together with non-arm’s length persons owned, or had an interest in an option in respect of, not less than 25% of the issued shares of any class of our capital stock at any time during the 60 month period immediately preceding the disposition of the shares. In the case of a non-resident holder resident in the United States for whom shares of our company are taxable Canadian property, no Canadian taxes will generally be payable on a capital gain realized on such shares by reason of the Treaty unless the value of such shares is derived principally from real property situated in Canada.

Material United States Federal Income Tax Consequences

The following is a general discussion of certain possible United States Federal foreign income tax matters under current law, generally applicable to a U.S. Holder (as defined below) of our common shares who holds such shares as capital assets. This discussion does not address all aspects of United States Federal income tax matters and does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. See *Taxation Certain Canadian Federal Income Tax Consequences* above.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury Regulations, published Internal Revenue Service (“**IRS**”) rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. No assurance can be given that the IRS will agree with such statements and conclusions, or will not take, or a court will not adopt, a position contrary to any position taken herein.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal, business or tax advice to any holder or prospective holder of our common shares, and no opinion or representation with respect to the United States Federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares are urged to consult their own tax advisors with respect to Federal, state, local, and foreign tax consequences of purchasing, owning and disposing of our common shares.

U.S. Holders

As used herein, a “U.S. Holder” includes a holder of less than 10% of our common shares who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof, any entity which is taxable as a corporation for United States tax purposes and any other person or entity whose ownership of our common shares is effectively connected with the conduct of a trade or business in the United States. A U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of our common shares is not effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their shares through the exercise of employee stock options or otherwise as compensation.

Distributions

The gross amount of a distribution paid to a U.S. Holder will generally be taxable as dividend income to the U.S. Holder for United States federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions which are taxable dividends and which meet certain requirements will be “unqualified dividend income” and taxed to U.S. Holders at a maximum United States federal rate of 15%. Distributions in excess of our current and accumulated earnings and profits will be treated first as a tax-free return of capital to the extent the U.S. Holder’s tax basis in the common shares and, to the extent in excess of such tax basis, will be treated as a gain from a sale or exchange of such shares.

Capital Gains

In general, upon a sale, exchange or other disposition of common shares, a U.S. Holder will generally recognize a capital gain or loss for United States federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other distribution and the U.S. Holder’s adjusted tax basis in such shares. Such gain or loss will be a United States source gain or loss and will be treated as a long-term capital gain or loss if the U.S. Holder’s holding period of the shares exceeds one year. If the U.S. Holder is an individual, any capital gain will generally be subject to United States federal income tax at preferential rates if specified minimum holding periods are met. The deductibility of capital losses is subject to significant limitations.

Foreign Tax Credit

A U.S. Holder who pays (or has had withheld from distributions) Canadian income tax with respect to the ownership of our common shares may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer’s income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign income taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the tax credit, among which is an ownership period requirement and the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder’s United States income tax liability that the U.S. Holder’s foreign source income bears to his or its worldwide taxable income. In determining the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. The availability of the foreign tax credit and the application of these complex limitations on the tax credit are fact specific and holders and prospective holders of our common shares should consult their own tax advisors regarding their individual circumstances.

Passive Foreign Investment Corporation

We do not believe that we are a passive foreign investment corporation (a “**PFIC**”). However, since PFIC status depends upon the composition of a company’s income and assets and the market value of its assets and shares from time to time, there is no assurance that we will not be considered a PFIC for any taxable year. If we were treated as a PFIC for any taxable year during which a U.S. Holder held shares, certain adverse tax consequences could apply to the U.S. Holder.

If we are treated as a PFIC for any taxable year, gains recognized by such U.S. Holder on a sale or other disposition of shares would be allocated ratably over the U.S. Holder’s holding period for the shares. The amount allocated to the taxable year of the sale or other exchange and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as applicable, and an interest charge would be imposed on the amount allocated to such taxable year. Further, any distribution in respect of shares in excess of 125% of the average of the annual distributions on shares received by the U.S. Holder during the preceding three years or the U.S. Holder’s holding period, whichever is shorter, would be subject to taxation as described above. Certain elections may be available to U.S. Holders that may mitigate some of the adverse consequences resulting from PFIC status. However, regardless of whether such elections are made, dividends paid by a PFIC will not be “qualified dividend income” and will generally be taxed at the higher rates applicable to other items of ordinary income.

U.S. Holders and prospective holders should consult their own tax advisors regarding the potential application of the PFIC rules to their ownership of our common shares.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Documents concerning our company referred to in this annual report may be viewed by appointment during normal business hours at our registered and records office at Suite 900 - 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

I. Subsidiary Information

We have one subsidiary: TrichoScience Innovations Inc., a company incorporated on September 7, 2006 under the *Business Corporations Act* (Canada).

ITEM 11 Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 12 Description of Securities Other Than Equity Securities

Not applicable.

PART II

ITEM 13 Defaults, Dividend Arrearages and Delinquencies

Not applicable.

ITEM 14 Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

ITEM 15 Controls and Procedures

A. Disclosure Controls and Procedures

As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Exchange Act, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this annual report on Form 20-F. Based on this evaluation, these officers concluded that as of the end of the period covered by this annual report on Form 20-F, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to our company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of material weaknesses in internal control over financial reporting as identified below under the heading "Management's Report on Internal Control Over Financial Reporting." Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated. Our company intends to remediate the material weaknesses as set out below.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected.

B. Management's Report on Internal Control Over Financial Reporting

Our company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for our company. Our company's internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that our company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the design and operation of our internal control over financial reporting as of December 31, 2014 based on the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring

Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Based on this evaluation, our management concluded our internal control over financial reporting was not effective as at December 31, 2014 due to the following material weaknesses: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting, financial reporting and corporate governance.

Our company has taken steps to enhance and improve the design of our internal controls over financial reporting, however these steps were not complete as of December 31, 2014. During the period covered by this annual report on Form 20-F, we have not been able to remediate the material weaknesses identified above.

Plan for Remediation of Material Weaknesses

We intend to take appropriate and reasonable steps to make the necessary improvements to remediate these deficiencies. We intend to consider the results of our remediation efforts and related testing as part of our year-end 2015 assessment of the effectiveness of our internal control over financial reporting.

Subject to receipt of additional financing, we have undertaken, or intend to undertake, the below remediation measures to address the material weaknesses described in this annual report. Such remediation activities include that we intend to continue to update the documentation of our internal control processes, including formal risk assessment of our financial reporting processes.

The remediation efforts set out above are largely dependent upon our company securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

Our internal control over financial reporting was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

C. Changes in Internal Controls Over Financial Reporting

There were no changes in internal controls over financial reporting during the year ended December 31, 2014 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting. However, as a result of the evaluation of our internal control over financial reporting as of December 31, 2014, conducted by our principal executive officer and principal financial officer, we expect to make such changes in the year ended December 31, 2015.

ITEM 16A Audit Committee Financial Expert

Our board of directors has determined that at least one member of its audit committee, being Mr. Peter Lewis, qualifies as an "audit committee financial expert" as defined in Item 16A(b) of Form 20-F. Mr. Lewis is also "independent" as that term is defined in Nasdaq Marketplace Rule 5605(a)(2).

ITEM 16B Code of Ethics

Code of Ethics

Effective July 15, 2004, our board of directors adopted a Code of Business Conduct and Ethics that applies to, among other persons, our president (being our principal executive officer) and our chief financial officer (being our principal financial and accounting officer), as well as persons performing similar functions. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;
3. compliance with applicable governmental laws, rules and regulations;
4. the prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and
5. accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our company's personnel shall be accorded full access to our president and secretary with respect to any matter which may arise relating to the Code of Business Conduct and Ethics. Further, all of our company's personnel are to be accorded full access to our company's board of directors if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our President or Secretary.

In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our company's president. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by the president, the incident must be reported to any member of our board of directors. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's Code of Business Conduct and Ethics by another.

Our Code of Business Conduct and Ethics was filed with the Securities and Exchange Commission as Exhibit 14.1 to our annual report filed on July 15, 2004. We will provide a copy of the Code of Business Conduct and Ethics to any person without charge, upon request. Requests can be sent to: RepliCel Life Sciences Inc., Suite 2020 -401 West Georgia Street, Vancouver, British Columbia, Canada V6B 5A1.

ITEM 16C Principal Accountant Fees and Services

Audit Fees

Our board of directors appointed BDO Canada LLP, Chartered Accountants, as independent auditors to audit our consolidated financial statements for the fiscal year ended December 31, 2014. The aggregate fees billed by BDO Canada LLP for audit services rendered for the audit of our annual financial statements and interim reviews of our quarterly financial statements for the fiscal years ended December 31, 2014 and December 31, 2013 were \$65,505 and \$73,834, respectively.

Audit Related Fees

For the fiscal year ended December 31, 2014, and 2013, the aggregate fees billed for audit related services by BDO Canada LLP were \$nil and \$nil, respectively.

Tax Fees

For the fiscal years ended December 31, 2014 and 2013, the aggregate fees billed for tax compliance, tax advice and tax planning by BDO Canada LLP were \$7,612.50 and \$3,675, respectively.

All Other Fees

For the fiscal years ended December 31, 2014 and 2013, the aggregate fees billed by BDO Canada LLP for other non-audit professional services, other than those services listed above, were \$nil and \$nil, respectively.

Pre-Approval Policies and Procedures

Our audit committee pre-approves all services provided by our independent auditors. All of the services and fees described under the categories of “Audit Fees”, “Audit Related Fees”, “Tax Fees” and “All Other Fees” were reviewed and approved by the audit committee before the respective services were rendered, and none of such services were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

The audit committee has considered the nature and amount of the fees billed by BDO Canada LLP, Chartered Accountants, and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining the independence of BDO Canada LLP, Chartered Accountants.

ITEM 16D Exemption from the Listing Standards for Audit Committees

Not applicable.

ITEM 16E Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In 2014, neither we nor any affiliated purchaser (as defined in the *Securities Exchange Act of 1934*) purchased any of our common shares.

ITEM 16F Change in Registrant’s Certifying Accountant

None.

ITEM 16G. Corporate Governance

Not applicable.

ITEM 16H. Mine Safety Disclosure

Not applicable.

ITEM 17 Financial Statements

Financial Statements Filed as Part of this Report:

Audited Annual Financial Statements as at December 31, 2014 and 2013:

Independent Auditor's Report of BDO Canada LLP, dated April 27, 2015

Consolidated Statement of Financial Position as at December 31, 2014 and 2013;

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2014, 2013 and 2012;

Consolidated Statements of Changes in Equity for the years ended December 31, 2014, 2013 and 2012;

Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; and

Notes to the Consolidated Financial Statements.

REPLICEL LIFE SCIENCES INC.

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year-ended December 31, 2014

(Stated in Canadian Dollars)



Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

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

Independent Auditor's Report

To the Shareholders of RepliCel Life Sciences Inc.

We have audited the accompanying consolidated financial statements of RepliCel Life Sciences Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of comprehensive loss, cash flows, and changes in equity for the years ended December 31, 2014, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of RepliCel Life Sciences Inc. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years ended December 31, 2014, 2013, and 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2a in the accompanying financial statements which indicates the Company has incurred operating losses since inception, which raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

(signed) "BDO CANADA LLP"

Chartered Accountants

Vancouver, British Columbia
April 27, 2015

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Financial Position
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

	Notes	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		\$ 535,114	\$ 1,958,005
Guaranteed Investment Certificate		1,500,000	-
Sales taxes recoverable		29,109	24,504
Prepaid expenses and deposits		51,182	46,568
		2,115,405	2,029,077
Non-current assets			
Equipment	7	25,883	23,324
Total assets		\$ 2,141,288	\$ 2,052,401
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 331,435	\$ 369,355
Non-current liabilities			
Warrants denominated in a foreign currency	8g	3,633	208,387
Total liabilities		335,068	577,742
Shareholders' equity			
Common shares	8	14,047,244	9,430,914
Contributed surplus	8	3,219,355	2,305,713
Accumulated deficit		(15,460,379)	(10,261,968)
Total shareholders' equity		1,806,220	1,474,659
Total liabilities and shareholders' equity		\$ 2,141,288	\$ 2,052,401

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board:

/s/ "Peter Jensen"
Director

/s/ "David Hall"
Director

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Comprehensive Loss
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

	December 31, 2014	December 31, 2013	December 31, 2012
Revenue			
Licensing fees (Note 9)	\$ -	\$ 4,120,400	\$ -
Expenses			
Research and development (Note 10)	1,942,877	1,561,963	1,065,075
General and administrative (Note 6, 7, and 10)	3,267,739	2,175,209	3,408,894
Income (loss) before other items	(5,210,616)	383,228	(4,473,969)
Other items:			
Change in fair value of warrants denominated in a foreign currency (Note 8g)	(7,695)	(140,182)	1,116,445
Foreign exchange gain (loss)	3,502	(10,361)	(5,651)
Interest income	16,398	-	-
Scientific research and development credit (Note 12)	-	150,783	-
Net income (loss) before tax	(5,198,411)	383,468	(3,363,175)
Income tax (Note 9, 11)	-	(412,040)	-
Total comprehensive loss	\$ (5,198,411)	\$ (28,572)	\$ (3,363,175)
Basic and diluted loss per share	\$ (0.10)	\$ (0.00)	\$ (0.08)
Weighted average shares outstanding	50,904,852	45,246,932	42,680,615

The accompanying notes form an integral part of these consolidated financial statements.

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Cash Flows
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

	December 31, 2014	December 31, 2013	December 31, 2012
Operating activities			
Comprehensive loss	\$ (5,198,411)	\$ (28,572)	\$ (3,363,175)
Add items not involving cash:			
Depreciation	7,606	6,125	6,082
Stock-based compensation	784,395	395,092	1,381,589
Change in fair value of warrants	7,695	140,182	(1,116,445)
Changes in non-cash working capital balances:			
Sales taxes recoverable	(4,605)	23,209	(20,668)
Prepaid expenses and deposits	(4,614)	5,326	(31,250)
Accounts payable and accrued liabilities	(37,920)	(46,770)	186,156
Net cash provided by (used in) operating activities	(4,445,854)	494,592	(2,957,711)
Investing activities			
Guaranteed Investment Certificate	(1,500,000)	-	-
Purchase of Equipment	(10,165)	(7,854)	(9,090)
Net cash used in investing activities	(1,510,165)	(7,854)	(9,090)
Financing activities			
Gross proceeds on issuance of common shares	3,990,125	1,133,651	2,796,740
Proceeds on issuance of shares on exercise of warrants	834,218	-	-
Finder's fee	(291,215)	(46,670)	(35,647)
Proceeds of share subscriptions	-	-	24,851
Net cash provided by financing activities	4,533,128	1,086,981	2,785,944
Increase (decrease) in cash and cash equivalents during the year	(1,422,891)	1,573,719	(180,857)
Cash and cash equivalents, beginning of the year	1,958,005	384,286	565,143
Cash and cash equivalents, end of the year	\$ 535,114	\$ 1,958,005	\$ 384,286

The accompanying notes form an integral part of these consolidated financial statements.

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Changes in Equity
For the year ended December 31, 2014
(Stated in Canadian Dollars)

	Common Stock			Contributed Surplus	Accumulated Deficit	Total
	Shares	Amount	Share Subscriptions			
Balance, January 1, 2014	48,118,609	\$ 9,430,914	\$ -	\$ 2,305,713	\$ (10,261,968)	\$ 1,474,659
Shares issued upon exercise of warrants for cash at US \$0.50 – Note 8(b)	1,508,512	1,046,667	-	-	-	1,046,667
Shares issued for cash at CAD \$0.75 – Note 8(b)	5,320,167	3,990,125	-	-	-	3,990,125
Finders fees – Note 8(b)	-	(420,462)	-	129,247	-	(291,215)
Stock based compensation – Note 8	-	-	-	784,395	-	784,395
Net loss for the year	-	-	-	-	(5,198,411)	(5,198,411)
Balance, December 31, 2014	54,947,288	\$ 14,047,244	\$ -	\$ 3,219,355	\$ (15,460,379)	\$ 1,806,220

	Common Stock			Contributed Surplus	Accumulated Deficit	Total
	Shares	Amount	Share Subscriptions			
Balance, January 1, 2013	45,025,054	\$ 8,319,082	\$ 24,851	\$ 1,910,621	\$ (10,233,396)	\$ 21,158
Shares issued for cash at CAD \$0.31 – Note 8(b)	2,043,555	633,502	(24,851)	-	-	608,651
Shares issued for cash at CAD \$0.50 – Note 8(b)	1,050,000	525,000	-	-	-	525,000
Finders fees – Note 8(b)	-	(46,670)	-	-	-	(46,670)
Stock based compensation – Note 8	-	-	-	395,092	-	395,092
Net earnings for the year	-	-	-	-	(28,572)	(28,572)
Balance, December 31, 2013	48,118,609	\$ 9,430,914	\$ -	\$ 2,305,713	\$ (10,261,968)	\$ 1,474,659

The accompanying notes form an integral part of these consolidated financial statements.

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Changes in Equity
For the year ended December 31, 2014
(Stated in Canadian Dollars)

	Common Stock			Contributed Surplus	Accumulated Deficit	Total
	Shares	Amount	Share Subscriptions			
Balance, January 1, 2012	43,150,008	\$ 6,266,739	\$ -	\$ 1,004,932	\$ (6,870,221)	\$ 401,450
Shares issued for cash at USD \$1.50 – Note 8(b)	1,875,046	2,761,093	-	-	-	2,761,093
Warrants denominated in a foreign currency – Note 8(g)	-	(963,100)	-	-	-	(963,100)
Escrow Release – Note 8(f)	-	254,350	-	-	-	254,350
Stock based compensation – Note 8	-	-	-	905,689	-	905,689
Share subscriptions	-	-	24,851	-	-	24,851
Net loss for the year	-	-	-	-	(3,363,175)	(3,363,175)
Balance, December 31, 2012	45,025,054	\$ 8,319,082	\$ 24,851	\$ 1,910,621	\$ (10,233,396)	\$ 21,158

The accompanying notes form an integral part of these consolidated financial statements.

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

1. Corporate Information

RepliCel Life Sciences Inc. (the “Company” or “RepliCel”) was incorporated under the Ontario *Business Corporations Act* on April 24, 1967 but was continued from Ontario to British Columbia on June 22, 2011. The Company’s reporting jurisdiction is British Columbia. Its common shares are listed for trading in Canada on the TSX Venture Exchange, trading under the symbol RP, and in the United States on the OTCQB, trading under the symbol REPCF.

RepliCel is a regenerative medicine company focused on developing autologous cell therapies that treat functional cellular deficits including chronic tendon injuries, androgenetic alopecia and skin aging.

The address of the Company’s corporate office and principal place of business is Suite 2020 – 401 West Georgia Street, Vancouver, BC, V6B 5A1.

2. Basis of Presentation

These consolidated financial statements for the year-ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements are presented in Canadian dollars, which is also the Company’s functional currency, unless otherwise indicated.

The financial statements were authorized for issue by the Board of Directors on April 27, 2015.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

a) Going Concern of Operations

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. At December 31, 2014 the Company, is in the research stage, has accumulated losses of \$15,460,379 since its inception and expects to incur further losses in the development of its business. The Company has working capital of \$1,783,970 (2013: \$1,659,722) at December 31, 2014, however it will require additional funding to continue its research and development activities, which casts substantial doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has a plan in place to address this concern and intends to obtain additional funds by equity financing to the extent there is a shortfall from operations. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations.

If the going concern assumptions were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the financial position classifications used.

3. Critical Accounting Estimates and Judgements

RepliCel makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these financial statements are discussed below:

Share Based Payments and Derivatives Liabilities related to Equities

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 8(d).

Similar methodology to the share-based payments is used to determine the fair value of derivative liabilities related to warrants denominated in U.S. dollars. The assumptions and models used for estimating the fair value for derivative liabilities are disclosed in Note 8(g).

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company will recognize deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Guaranteed Investment Certificate

Cash deposits with original maturities greater than three months, and are not redeemable before maturity, are recorded in guaranteed investment certificates.

c) Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation and amortization rates applicable to each category of equipment are as follows:

Furniture and equipment	20%
Computer equipment	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4. Summary of Significant Accounting Policies - *continued*

d) Impairment of Non-Financial Assets

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amounts, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is assessed.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

e) Revenue

Revenue consists of an upfront fee received under a Collaboration and Technology Transfer Agreement. The Company recognizes revenue when (i) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods, (iii) the amount of revenue can be measured reliably, (iv) it is probable that the economic benefits associated with the transaction will flow to the entity, and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Licensing revenue, in the form of non-refundable upfront payments, is recognized at the date the Company no longer maintains substantive contractual obligations.

f) Basic and Diluted Loss per Share

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

The number of shares potentially issuable at December 31, 2014 that were not included in the computation of loss per share totaled 14,560,055 (2013: 9,678,601; 2012: 7,475,046) consisting of 4,890,000 (2013: 3,810,000; 2012: 3,650,000) outstanding stock options; 1,700,000 (2013: 1,700,000; 2012: 1,700,000) contingently issuable common shares held in escrow to be released upon the occurrence of certain milestones (Note 8(f)); and 7,970,055 warrants (2013: 4,168,601; 2012: 2,125,046).

4. Summary of Significant Accounting Policies – *continued*

g) Income Taxes

Income tax expense comprises of current and deferred tax. Current and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

h) Scientific research and development credit

Scientific research and development credits are received on capital expenditure and are generally deducted in arriving at the carrying amount of the asset purchased. Grants relating to expenditure are recorded in other income when received.

i) Intangible Assets

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

In-process research and development programmes acquired in combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

4. Summary of Significant Accounting Policies – *continued*

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalized development costs are amortised over the periods the Company expects to benefit from selling the products developed. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

The Company expenses research costs until such time FDA approval from the Federal Drug Administration is obtained.

j) Foreign Currency Translation

Foreign currency accounts are presented in Canadian dollars, which is also the functional currency.

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a re-valued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

k) Share-based Payments

The Company adopted a stock option plan during the year ended December 31, 2010 (Note 8(c)). In addition, certain of the Company's founders have entered into option agreements with consultants and employees of the Company.

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

4. Summary of Significant Accounting Policies - *continued*

Equity-settled transactions

The cost of equity-settled transactions is recognized, together with a corresponding increase in contributed surplus in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized as stock based compensation expense (Note 8(c)).

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally. No expense is recognized for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized as employee benefits expense.

l) Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

4. Summary of Significant Accounting Policies - *continued*

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

k) Events After the Financial Position Date

Events after the financial position date that provide additional information about the Company's position at the financial position date (adjusting event) are reflected in the consolidated financial statements. Events after the financial position date that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

l) Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

4. Summary of Significant Accounting Policies - *continued*

Financial assets are derecognized when the rights to receive cash flows from the underlying instruments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

As of December 31, 2014, the Company has derivative liabilities of \$3,633 (2013: \$208,387) in warrants denominated in a foreign currency.

The Company classifies its financial instruments as follows:

Cash and cash equivalents	loans and receivables
Guaranteed investment certificates	loans and receivables
Accounts payable and accrued liabilities	other financial liabilities
Warrants denominated in a foreign currency	fair value through profit and loss

IFRS 7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 4). The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset carried at amortized cost is impaired. If such evidence exists, the impairment loss is the difference between the amortized costs of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

4. Summary of Significant Accounting Policies - *continued*

m) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

5. Accounting Standards, Amendments and Interpretations

a) New Standards, Amendments and Interpretations Effective for the first time from January 1, 2014

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2014 or later periods. The following new standards, amendments and interpretations have been adopted in these consolidated financial statements.

- Amendment to IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The standard is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not have a material impact on the consolidated financial statements.

b) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2014. They have not been early adopted in these consolidated financial statements, and are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

- Amendment to IFRS 7, Financial Instruments: Disclosure

Amended standard IFRS 7 Financial Instruments: Disclosure outlines the disclosures required when initially applying IFRS 9 Financial Instruments. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact that the adoption of this standard may have on its financial statements.

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact that the adoption of this new standard may have on its financial statements.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

6. Reverse Takeover Transaction and 583885 B.C. Ltd.

On December 22, 2010, RepliCel closed a Share Exchange Agreement with TrichoScience Innovations Inc. ("TrichoScience") whereby RepliCel (formerly Newcastle Resources Ltd.) acquired the issued and outstanding shares of TrichoScience. Concurrent with the reverse acquisition, RepliCel also acquired all of the issued and outstanding common shares of 583885 B.C. Ltd. ("583885") in exchange for 4,400,000 common shares of RepliCel. 583885 did not have any assets or liabilities at the date of acquisition and was a private company controlled by RepliCel's incoming Chief Executive Officer. 3,400,000 shares of RepliCel controlled by the Company's Chief Executive Officer were deposited with an escrow agent pursuant to the terms of an escrow agreement between RepliCel and the escrow agent. These shares are released upon satisfaction of certain performance conditions as set out in the escrow agreement and each release of shares from escrow will be considered a compensatory award. The compensatory award is recorded as an expense at the fair value of the consideration given based on the price of RepliCel's common shares on the acquisition date. This amount was determined to be US\$0.50 per share, based on the price of the shares being offered in the private placement that closed concurrent with the share exchange to arm's length parties at a price of US\$0.50.

At December 31, 2014, there were 1,700,000 common shares held in escrow and no performance conditions were met (year ended December 31, 2013 no performance conditions were met). Stock based compensation of \$nil (representing the fair value of the shares issued) was recognized for these shares during the year ended December 31, 2014 (December 31, 2013: \$nil) The other 1,000,000 common shares issued were not subject to escrow provisions and thus were fully vested, non-forfeitable at the date of issuance.

7. Equipment

	Furniture and Equipment		Computer Equipment		Total
Cost:					
At December 31, 2013	\$	14,249	\$	29,394	\$ 43,643
Additions		-		10,165	10,165
Disposals		-		-	-
At December 31, 2014		14,249		39,559	53,808
Depreciation:					
At December 31, 2013		5,958		14,361	20,319
Charge for the year		1,538		6,068	7,606
Elimination on disposal		-		-	-
At December 31, 2014		7,496		20,429	27,925
Net book value at December 31, 2014	\$	6,753	\$	19,130	\$ 25,883

REPLICEL LIFE SCIENCES INC.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year-ended December 31, 2014
 (Stated in Canadian Dollars)

7. Equipment - continued

	Furniture and Equipment		Computer Equipment		Total
Cost:					
At December 31, 2012	\$	14,249	\$	21,540	\$ 35,789
Additions		-		7,854	7,854
Disposals		-		-	-
At December 31, 2013		14,249		29,394	43,643
Depreciation:					
At December 31, 2012		4,069		10,125	14,194
Charge for the year		1,889		4,236	6,125
Elimination on disposal		-		-	-
At December 31, 2013		5,958		14,361	20,319
Net book value at December 31, 2013	\$	8,291	\$	15,033	\$ 23,324

8. Share Capital

a) Authorized:

Unlimited common shares without par value

Unlimited Class A non-voting, convertible, redeemable, non-cumulative 6% preferred shares without par value

b) Issued and Outstanding:

During the year-ended December 31, 2014:

- (i) The Company issued common shares upon the exercise of warrants that had been issued February 28, 2012 through April 20, 2012. The Company issued 1,508,512 common shares at a price of US\$0.50 per share for gross proceeds of \$834,218, plus \$212,449 being the fair value of the warrants on the date of exercise (note 7(g)). A total of \$1,046,667 was recognized in common stock.
- (ii) The Company completed private placements consisting of a total of 5,320,167 units at a price of \$0.75 per unit for total gross proceeds of \$3,990,125. Each unit consisted of one common share of the Company and one common share purchase warrant, which entitles the holder to purchase one additional common share for a period of two years from the closing of the private placement at a price of \$1.00 per share during the first year and \$1.25 per share during the second year. Finder's fees of \$291,215 were paid in cash, and 356,333 agent's warrants with a 24 month life, and an exercise price of \$0.75 per agent's warrant were issued. The fair value of the agent's warrants have been estimated using the Black-Scholes option pricing model. The assumptions used to determine the fair value were as follows: (1) dividend yield – 0%; (2) expected volatility – 89%; (3) a risk-free interest rate of 1.06%; (4) an expected life of 24 months. The value assigned to the agent's warrants was \$129,247.

During the year-ended December 31, 2013:

- (i) The Company completed private placements totalling 2,043,555 units at a price of \$0.31 per unit for gross proceeds of \$633,502, of which \$24,851 was included in share subscriptions at December 31, 2012. A finder's fee of \$9,920 was paid in cash in connection with the private placement. Each unit issued consisted of one common share and one common share purchase warrant which entitles the holder to purchase an additional common share at \$0.50 per share for a period of 24 months from the closing of the private placement.

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

8. Share Capital- continued

- (ii) The Company completed a private placement of 1,050,000 common shares at a price of \$0.50 per share for gross proceeds of \$525,000. A finder's fee of \$36,750 was paid in cash in connection with the private placement.

During the year-ended December 31, 2012:

- (i) The Company completed a private placement of 1,875,046 units at US\$1.50 per unit for proceeds of \$2,796,740 (US\$2,812,569). A finder's fee of \$35,647 (US\$36,000) was paid in cash in connection with the private placement. Each unit consisted of one common share and one common share purchase warrant which entitles the holder to purchase an additional common share at US\$2.50 per share for a period of 24 months from the closing of the private placement. As the share purchase warrants are denominated in a currency other than the Company's functional currency, the fair value of the share purchase warrants is recognized as a derivative liability. The fair value on issuance was determined to be \$1,184,650. These warrants have been included in the share warrant data presented in Note 8(g).

c) Stock Option Plans:

- (i) On May 21, 2014, the Company approved a Stock Option Plan whereby the Company may grant stock options to directors, officers, employees and consultants. The maximum number of shares reserved for issue under the plan cannot exceed 10% of the outstanding common shares of the Company as at the date of the grant. The stock options can be exercisable for a maximum of 10 years from the grant date and with various vesting terms.
- (ii) Under various Founders' Stock Option Agreements, certain founders of TrichoScience granted stock options to acquire TrichoScience shares to employees and consultants of TrichoScience. These founders' options are exercisable at \$1 per share expiring after 6 to 7 years. Pursuant to the Share Exchange Agreement, the Founders Stock Option Agreements were converted into rights to receive the number of Founders' RepliCel shares acquired by conversion of the founders TrichoScience shares under the Share Exchange Agreement. All other terms remained the same. This modification of stock options resulted in no incremental value and therefore no additional stock based compensation expense was recognized for the modification.

d) Fair value of Company Options Issued from January 1, 2012 to December 31, 2014

During the year ended December 31, 2014, 1,280,000 options were granted to employees and consultants of the Company, and Nil options were cancelled (2013: 2,000,000 granted, and nil cancelled; 2012: 1,190,000 granted, and 75,000 cancelled). During the year ended December 31, 2014, 200,000 options (2013: 1,840,000, 2012: 300,000) were forfeited. The range of exercise price is \$0.53 TO \$0.85, expected life of five to seven years, and vesting over one year to three years from the date of grant.

The weighted-average grant date fair value of options granted was estimated using the following weighted average assumptions:

	2014	2013	2012
Risk free rate	1.69%	2.07%	1.62%
Expected life (years)	5	7	7
Volatility	89%	89%	89%
Expected Dividend	\$-	\$-	\$-
Expected forfeiture rate	0%	0%	0%
Exercise price	\$0.64	\$0.51	\$1.56
Grant date fair value	\$0.52	\$0.33	\$1.04

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

8. Share Capital - continued

The volatility assumption is based on the pattern and level of historical volatility of a sample of entities in the life sciences industry for the first seven years in which the shares of those entities were publicly traded.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the expected forfeiture rate and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

e) Stock-based Compensation

The Company recognized a fair value of \$784,395 as stock based compensation expense for stock options granted under the Company Stock Option Plan and the Founders Stock Option Agreements; \$nil for the release of escrow shares, and \$nil for the fair value of warrants denominated in a foreign currency which were issued as compensation in the statement of comprehensive loss for the year-ended December 31, 2014; (For the year-ended December 31, 2013 - \$395,092, \$nil, and \$nil respectively and for the year-ended December 31, 2012 - \$905,689, \$254,350, and \$221,500 respectively).

A summary of the status of the stock options outstanding under the Company Stock Option Plan for the years ended December 31, 2014, 2013 and 2012 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, January 1, 2014	3,810,000	\$ 0.64
Granted	1,280,000	\$ 0.64
Exercised	-	-
Forfeited	(200,000)	\$ 0.65
Cancelled	-	-
Outstanding, December 31, 2014	4,890,000	\$ 0.67
Exercisable, December 31, 2014	4,197,500	\$ 0.69

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

8. Share Capital - continued

Outstanding, January 1, 2013	3,650,000	\$ 0.98
Granted	2,000,000	\$ 0.51
Exercised	-	-
Forfeited	(1,840,000)	\$ 1.25
Cancelled	-	-
Outstanding, December 31, 2013	3,810,000	\$ 0.64
Exercisable, December 31, 2013	2,447,500	\$ 0.65
Outstanding, January 1, 2012	2,835,000	\$ 0.74
Granted	1,190,000	\$ 1.47
Exercised	-	-
Forfeited	(300,000)	\$ 0.50
Cancelled	(75,000)	\$ 1.50
Outstanding, December 31, 2012	3,650,000	\$ 0.98
Exercisable, December 31, 2012	2,113,750	\$ 0.77

f) Escrow Shares

a) In connection with the acquisitions described in Note 6, at December 31, 2014:

i) 1,700,000 (December 31, 2013: 1,700,000; December 31, 2012: 1,700,000) common shares are held in escrow and are to be released upon the occurrence of certain milestones relating to the Company's hair cell replication technology. These shares have been excluded from the calculation of loss per share. During the year ended December 31, 2014, no shares were released from escrow (year-ended December 31, 2014: nil; year-ended December 31, 2012: 500,000). The Company recognized a fair value of \$nil, (December 31, 2013: \$nil; December 31, 2012) as stock based compensation expense in the statement of operations for the period. During the year ended December 31, 2014, nil shares were released from escrow (December 31, 2013: nil; December 31, 2012: 500,000).

ii) Nil (December 31, 2013: 1,754,894; December 31, 2012: 14,499,156) common shares are being held in escrow under a pooling agreement and were subject to a timed release schedule under which:

- a) 15% were released on the first day of the Company's fiscal quarter beginning after the one year anniversary of the share exchange (the "First Quarter");
- b) 15% were released on the first day of each of the Company's next five fiscal quarters after the First Quarter;
- c) the remaining 10% were released on the first day of the ninth fiscal quarter after the First Quarter.

During the year ended December 31, 2014, 1,754,894 (December 31, 2013: 12,744,262; December 31, 2012: 11,100,844) common shares were released from escrow in accordance with the terms of a pooling agreement. As at December 31, 2014, all the common shares have been released from the pooling arrangement. The releases of the shares from escrow are non-compensatory.

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

8. Share Capital - continued

As the release of these shares is certain, they have been included in the calculation of loss per share.

On January 13, 2014, the Company's common shares commenced trading on the TSX Venture Exchange as a Tier 1 issuer under its current trading symbol "RP". RepliCel's common shares were delisted from the Canadian Securities Exchange at the close of trading on January 10, 2014. In connection with the Company's listing on the TSX Venture Exchange, 23,508,682 common shares, which represents approximately 49% of the Company's issued and outstanding shares, were escrowed, with 25% of the escrowed shares being released upon listing and a further 25% every six months. In addition, stock options to acquire up to 1,400,000 shares are also subject to escrow under the same release schedule. At December 31, 2014, 11,732,307 shares and 700,000 stock options are held under escrow. The releases of the shares from escrow are non-compensatory.

g) Warrants denominated in a foreign currency

The continuity of the number of warrants denominated in another currency, each exercisable into one common share, is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
Outstanding, January 1, 2014	2,125,046	US\$ 0.68
Exercised	(1,508,512)	US\$ 0.50
Expired	(366,534)	US\$ 0.50
Outstanding, December 31, 2014	250,000	US\$ 2.00

As the warrants are denominated in a currency other than the Company's functional currency, they meet the definition of a financial liability and accordingly are presented as such on the Company's consolidated statement of financial position and are fair valued at each reporting period.

During the year-ended December 31, 2014, 1,508,512 warrants were exercised for US\$0.50 per warrant. The Company issued 1,508,512 common shares for cash proceeds of \$834,218 (see note 8(b)). The warrants entitle holders to purchase an aggregate of 250,000 common shares. The assumptions used to determine the fair value of \$3,633 at December 31, 2014 were as follows: (1) risk-free rate of 1.00%; (2) dividend yield of nil; (3) an expected volatility of 89%; (4) an expected life of 17 months; (5) share price of US\$0.32; and (6) an exercise price of US\$2.00.

During the year-ended December 31, 2013, the Company amended the exercise price of the warrants expiring March 1, 2014, March 29, 2014, April 18, 2014 and April 20, 2014 from US\$2.50 to US\$0.50 per share. The assumptions used to determine the fair value of \$208,387 at December 31, 2013 were as follows: (1) risk-free rate of 1.10% – 1.14%; (2) dividend yield of nil; (3) an expected volatility of 89%; (4) an expected life of 2 – 29 months; (5) share price of US\$0.50; and (6) an exercise price of US\$0.50 – US\$2.00.

During the year-ended December 31, 2012, the fair value on issuance was determined to be \$1,184,650, of which \$221,550 was included in stock based compensation for the year-ended December 31, 2012 as warrants were initially issued as compensation and the remaining balance of \$963,100 was debited against share capital. The assumptions used to determine the fair value of \$68,205 at December 31, 2012 were as follows: (1) risk-free rate of 1.14% – 1.21%; (2) dividend yield of nil; (3) an expected volatility of 89%; (4) an expected life of 14 – 41 months; (5) market price of US\$0.46; and (6) an exercise price of US\$2.00 – US\$2.50.

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

8. Share Capital - continued

The change in the fair value of the warrants for the year-ended December 31, 2014 was a loss of \$7,695 (December 31, 2013 – loss of \$140,182; December 31, 2012 – gain of \$1,116,445) and was recorded in the consolidated statement of comprehensive loss.

	December 31, 2014	December 31, 2013
Warrants denominated in a foreign currency, opening balance	\$ 208,387	\$ 68,205
Fair value of warrants issued	-	-
Fair value of warrants exercised (note 8(b))	(212,449)	-
Change in fair value of warrants	7,695	140,182
Warrants denominated in a foreign currency, closing balance	\$ 3,633	\$ 208,387

h) Warrants

The continuity of the number of warrants, each exercisable into one common share, is as follows:

	Warrants Outstanding	Weighted Average Exercise Price	Expiry
			May 17, 2016
May 12, 2012	250,000	US\$ 2.00	(Note 8(g))
April 10, 2013	1,643,555	CAD\$ 0.50	April 10, 2015
May 21, 2013	400,000	CAD\$ 0.50	May 21, 2015
May 9, 2014	3,717,167	CAD\$ 1.00	May 9, 2016
May 9, 2014	297,373	CAD\$ 0.75	May 9, 2016
May 21, 2014	737,000	CAD\$ 1.00	May 21, 2016
May 21, 2014	58,960	CAD\$ 0.75	May 21, 2016
June 16, 2014	866,000	CAD\$ 1.00	June 16, 2016
Outstanding, December 31, 2014	7,970,055	CAD\$ 0.83	

9. Licensing Revenue

On July 9, 2013, the Company entered into a Collaboration and Technology Transfer Agreement (the "Agreement") with Shiseido Company, Limited ("Shiseido"). The agreement provided the Company with an upfront payment of \$4,120,400 (¥400,000,000), less withholding taxes of \$412,040, for the transfer of technology to Shiseido to develop and commercialize the Company's technologies to treat hair loss and promote growth with cell-based technology within certain territories (Japan, China, South Korea, Taiwan, and ASEAN Countries). Under the agreement, the collaboration between Shiseido includes the disclosure and discussion of future clinical trials and related documentation in relation the transferred technology. Each party is responsible for its own costs and expenses. The Company is also eligible to receive future milestone payments and royalties. The Company determined that the future milestone payments and royalties were substantive and contingent, and did not allocate any of the upfront consideration to these milestones. The Company's responsibility with respect to the collaboration is limited to the transfer of technology to Shiseido (completed). Shiseido is responsible for all further development of the transferred technology within the territories described above.

At inception of the arrangement, the Company determined that the full amount of the upfront payment (\$4,120,400) was the value of the technology transferred as Shiseido is responsible for all future development of the transferred technology. Accordingly, no amount of the upfront fee was allocated to future research and development. The Company did not receive any additional milestone payments or royalties during the year ended December 31, 2014 (2013: \$nil; 2012: \$nil).

The total revenue recognized under this arrangement was \$nil, \$4,120,400, and \$nil for the years ended December 31, 2014, 2013 and 2012, respectively.

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

10. Related Party Transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31, 2014	December 31, 2013
Companies controlled by directors of the Company	\$ -	\$ 25,868
Directors or officers of the Company	9,127	1,868
	\$ 9,127	\$ 27,736

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related party transactions

The Company incurred the following transactions with companies that are controlled by directors and/or officers of the Company. The transactions were measured at the amount established and agreed to by the parties.

	December 31, 2014	December 31, 2013	December 31, 2012
Research and development	\$ 257,558	\$ 258,180	\$ 274,246
General and administrative	-	-	-
	\$ 257,558	\$ 258,180	\$ 274,246

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive directors, the Chief Executive Officer and the Chief Financial Officer.

	December 31, 2014	December 31, 2013	December 31, 2012
General and administrative – salaries	\$ 438,500	\$ 436,000	\$ 411,000
Stock-based compensation	45,986	125,487	161,565
	\$ 484,486	\$ 561,487	\$ 572,565

11. Income Taxes

a) Income tax recognized in profit or loss:

	2014	2013	2012
Canadian current tax expense	\$ -	\$ -	-
Foreign current tax expense	-	412,040	-
Deferred tax expense	-	-	-
Total	-	412,040	-

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

11. Income Taxes - continued

b) Reconciliation of accounting and taxable income, for the years ended December 31 are as follows:

	2013	2013	2012
Net income (loss) for the year before taxes	\$ (5,198,411)	\$ 383,468	\$ (3,363,175)
Combined federal and provincial income tax rate	26.00%	25.75%	25.0%
Expected income tax expense (recovery)	(1,352,000)	99,000	(841,000)
Increase (decrease) resulting from			
Foreign tax rate differential Income taxed at reduced rate	-	(76,000)	-
SR&ED credit claims	(129,000)	-	-
Stock-based compensation	257,000	102,000	63,000
Non-deductible items	16,000	11,040	5,000
Tax adjustment from rate change and other	-	(6,000)	4,000
Change in unrecognized deferred tax assets	1,208,000	282,000	769,000
Income tax expense	\$ -	\$ 412,040	\$ -

Effective July 1, 2013, the British Columbia provincial rate increased from 10.00% to 11.00%. The tax rate for the Federal corporate tax remained the same at 15.00%. There were no changes to Federal or British Columbia provincial tax rates in the year ended December 31, 2014.

c) The components of the deferred tax asset (liability) balances for the years ended December 31, are as follows:

	2014	2013	2012
Deferred tax assets			
Non-capital losses	\$ 2,469,000	\$ 1,613,000	\$ 1,854,000
Equipment and other	74,000	98,000	90,000
Temporary differences relating to intellectual property costs	80,000	45,960	17,000
Foreign tax credit	412,040	412,040	-
Un-deducted SR&ED expenditure pool	234,000	74,000	-
Investment tax credit	177,000	-	-
Share issuance costs	77,000	-	-
Unrecognized deferred tax assets	(3,523,040)	(2,243,000)	(1,961,000)
	\$ -	\$ -	\$ -

Deferred tax assets in respect of losses and other temporary differences are recognized when it is more likely than not, that they will be recovered against profits in future periods. No deferred tax asset has been recognized as this criteria has not been met.

At December 31, 2013, the Company has Canadian non capital losses totalling approximately \$9,497,000 that expire beginning in 2028:

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

11. Income Taxes - continued

Year of Expiry	Amount
2026	\$ -
2027	-
2028	533,000
2029	863,000
2030	-
2031	1,664,000
2032	2,290,000
2033	39,000
2034	4,108,000
	<hr/>
	\$ 9,497,000

12. Refundable Tax Credit

During the year-ended December 31, 2013, the Company received an assessment as a result of Canada Revenue Agency's audit of the Scientific Research & Experimental Development claim filed by TrichoScience for the period ending December 21, 2010. As a result of the assessment, TrichoScience received a refundable investment tax credit in the amount of \$150,783.

13. Financial Instruments and Risk Management

As at December 31, 2014, the Company's financial instruments are comprised of cash, guaranteed investment certificates, accounts payable and accrued liabilities, and warrants denominated in a foreign currency. The fair values of cash, guaranteed investment certificates, accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity.

The Company is exposed through its operations to the following financial risks:

- currency risk;
- credit risk;
- liquidity risk; and
- interest rate risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has an exposure to the European Euros as certain expenditures and commitments are denominated in European Euros and the Company is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. In addition, the Company holds an amount of cash in US dollars and is therefore exposed to exchange rate fluctuations on these cash balances. The Company does not hedge its foreign exchange risk. At December 31, 2014, the Company held US dollar cash balances of \$296,880 (US\$255,184)

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

13. Financial Instruments and Risk Management - continued

(December 31, 2013: \$26,385 or US \$24,807). A 1% increase/decrease in the US dollars foreign exchange rate would have an impact of ±\$2,969 (US\$2,552) on the cash balance held December 31, 2014.

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, more specifically, the issuance of new common shares, to ensure there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash and potential equity financing opportunities. The Company believes that these sources will be sufficient to cover the known short and long-term requirements at this time. There is no assurance that potential equity financing opportunities will be available to meet these obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities as at December 31, 2014:

Year of expiry	Accounts payable and accrued liabilities		Total
Within 1 year	\$	331,435	\$ 331,435

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in an interest bearing bank account, management considers the interest rate risk to be limited.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

Classification		Level	December 31, 2014	December 31, 2013
Cash and cash equivalents	Loans and receivables	Level 1	\$ 535,114	\$ 1,958,005
Guaranteed Investment Certificate	Loans and receivables	Level 1	\$1,500,000	-
			\$ 2,035,114	\$ 1,958,005

REPLICEL LIFE SCIENCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year-ended December 31, 2014
(Stated in Canadian Dollars)

13. Financial Instruments and Risk Management - continued

Financial liabilities included in the statement of financial position are as follows:

	Classification	Level	December 31, 2014	December 31, 2013
Non-derivative financial liabilities:				
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Level 2	\$ 331,435	\$ 369,355
Derivative financial liabilities:				
Warrants denominated in a foreign currency	Fair value through profit or loss	Level 2	3,633	208,387
			\$ 335,068	\$ 577,742

There were no changes to the Company's fair value measurement levels during the year ended December 31, 2014 (2013: no change). The Company does not have any Level 3 fair value measurements (2013: none).

14. Commitments

The Company has entered into an operating lease agreement for its office premises. The term of the lease is for three years ending on October 31, 2015 and the annual commitments under the lease are as follows:

2015	2016
\$ 117,618	\$ -

15. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to continue advancing its technology and to pay for general administrative costs, the Company will use 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 Company, is reasonable. The Company considers shareholders equity and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares, and by sustaining cash reserves by reducing its capital and operational expenditure program. Management primarily funds the Company's expenditures by issuing share capital, rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products, with the exception of pooling and escrow shares which are subject to restrictions. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

The Company's investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. There has been no change in the Company's approach to capital management during the year-ended December 31, 2014.

16. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow. There were no non-cash transactions during the year-ended December 31, 2014, 2013 or 2012.

17. Segmental Reporting

The Company is organized into one business unit based on its cell replication technology and has one reportable operating segment.

18. Events after the Reporting Date

On April 7, 2015, the Company extended the term of 1,643,555 and 400,000 common share purchase warrants with initial expiration dates of April 10, 2015 and May 21, 2015 respectively. The Company has received approval to extend the expiry date for a period of one year to April 10, 2016 and May 21, 2016, respectively.

ITEM 18 Financial Statements

Refer to Item 17 - Financial Statements

ITEM 19 Exhibits

The following exhibits are being filed as part of this annual report, or are incorporated by reference where indicated:

- (1) Articles of Incorporation and By-laws**
 - 1.1 Certificate of Continuation dated June 22, 2011 (incorporated by reference from our Annual Report on Form 20-F, filed on April 26, 2012).
 - 1.2 Articles adopted on May 10, 2011 (incorporated by reference from our Annual Report on Form 20-F, filed on April 26, 2012).
 - 1.3 Notice of Articles dated December 5, 2011 (incorporated by reference from our Annual Report on Form 20-F, filed on April 26, 2012).
- (4) Material Contracts**
 - 4.1 Share Exchange Agreement dated October 29, 2010 with TrichoScience Innovations Inc. and the shareholders of TrichoScience Innovations Inc. (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
 - 4.2 Pooling Agreement dated December 22, 2010 (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
 - 4.3 Share Exchange Agreement dated October 29, 2010 with 583885 B.C. Ltd. and the shareholders of 583885 B.C. Ltd. (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
 - 4.4 Escrow Agreement dated December 22, 2010 (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
 - 4.5 Corporate Consulting Services Agreement dated June 1, 2010 among TrichoScience Innovations Inc. and 583885 B.C. Ltd. (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
 - 4.6 Collaboration and Technology Transfer Agreement with RepliCel Life Sciences Inc. dated July 9, 2013 (portions of the exhibit has been omitted pursuant to a request for confidential treatment). (incorporated by reference from our Shell Company Report on Form 20-F, filed on March 18, 2014).
- (8) List of Significant Subsidiaries**
 - 8.1 TrichoScience Innovations Inc., a company incorporated under the federal laws of Canada, all of the shares of which are beneficially owned by our company.
- (11) Code of Ethics**
 - 11.1 Code of Ethics (incorporated by reference from our Registration Statement on Form 20-F, as amended, filed on July 15, 2004).
- (12) 302 Certification**
 - [12.1*](#) [Section 302 Certification under Sarbanes-Oxley Act of 2002 for David Hall](#)
 - [12.2*](#) [Section 302 Certification under Sarbanes-Oxley Act of 2002 for Tom Kordyback.](#)
- (13) 906 Certification**
 - [13.1*](#) [Section 906 Certification under Sarbanes-Oxley Act of 2002 for David Hall.](#)
 - [13.2*](#) [Section 906 Certification under Sarbanes-Oxley Act of 2002 for Tom Kordyback.](#)
- (15) Other**
 - [15.1*](#) [Consent of BDO Canada LLP](#)

* Filed herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

REPLICEL LIFE SCIENCES INC.

Per: /s/ David Hall
David Hall
Chief Executive Officer, President and Director

Dated: April 28, 2015

Per: /s/ Tom Kordyback
Tom Kordyback
Chief Financial Officer

Dated: April 28, 2015