



# ALDA Pharmaceuticals Corp.

635 Columbia Street, New Westminster, British Columbia, V3M 1A7  
Tel: (604) 521-8300; Fax: (604) 521-8322;

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**FILED VIA SEDAR**

To: British Columbia Securities Commission

Dear Sirs/Mesdames:

**Re: Alda Pharmaceuticals Corp. (the "Company")  
- Amended Restated Interim Financial Statements**

This is to advise that the restated financial statements of the Company for the interim periods ending September 30, 2007, December 31, 2007 and March 31, 2008 were amended to comply with the continuous disclosure review letter from British Columbia Securities Commission, dated May 22, 2008. We confirm that no other changes were made.

Yours truly,  
Alda Pharmaceuticals Corp.

By:

"Terrance Owen"  
Terrance Owen  
President and Chief Executive Officer

cc. Alberta Securities Commission  
TSX Venture Exchange



# **ALDA** Pharmaceuticals Corp.

635 Columbia Street, New Westminster, British Columbia,  
V3M 1A7 Telephone: 604-521-8300; Facsimile: 604-521-8322

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the nine month period ended  
March 31, 2008

### **NOTICE TO READER**

The accompanying unaudited interim financial statements of ALDA Pharmaceuticals Corp. for the nine month period ended March 31, 2008 have been prepared by the management of ALDA Pharmaceuticals Corp. and have not been reviewed by the independent auditor of the Company.

The accompanying unaudited interim consolidated financial statements have been amended to reflect the adoption of new accounting standards as described in Note 3. The Company determined that the adoption of new accounting standards had no impact on the deficit balance on the Company's financial statements for the period ended March 31, 2008.

**ALDA PHARMACEUTICALS CORP.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**FOR THE PERIOD ENDED**

EXPRESSED IN CANADIAN DOLLARS	March 31, 2008 (unaudited)	June 30, 2007 (audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Equivalents	\$ 2,421,908	\$ 356,127
Accounts Receivable	42,186	24,897
Subscriptions Receivable	-	293,600
Inventory	11,854	19,916
Prepaid Expenses and Others	19,688	7,458
	2,495,636	701,998
<b>Furniture and Equipment</b> (Note 4)	<b>6,659</b>	1,482
<b>Patent Application and Development Costs</b> (Note 5)	<b>87,917</b>	40,486
<b>Intangible Assets</b> (Note 6)	<b>105,850</b>	110,200
	\$ 2,696,062	\$ 854,166
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 45,845	\$ 74,268
<b>SHARE CAPITAL AND DEFICIT</b>		
<b>Share Capital</b> (Note 7 (a))	<b>5,184,704</b>	2,658,868
<b>Contributed Surplus – Warrants</b> (Note 7 (d))	<b>507,918</b>	553,627
<b>Contributed Surplus – Options</b> (Note 7 (e))	<b>567,522</b>	171,194
<b>Deficit</b>	<b>(3,609,927)</b>	(2,603,791)
	2,650,217	779,898
	\$ 2,696,062	\$ 854,166

**Going-concern (Note 1)**

\*See accompanying notes to the interim consolidated financial statements

On Behalf of the Board of Directors

“Terrance Owen” Director

“Peter Chen” Director

**ALDA PHARMACEUTICALS CORP.**

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS ,  
COMPREHENSIVE LOSS AND DEFICIT (Unaudited)  
FOR THE PERIOD ENDED**

EXPRESSED IN CANADIAN DOLLARS	Three Month Ended		Nine Month Ended	
	2008	March 31, 2007	2008	March 31, 2007
Sales	\$ 66,848	\$ 72,879	\$ 175,682	\$ 194,810
Cost of Sales	( 43,651)	( 43,605)	( 112,100)	( 122,181)
Gross Profit	<u>23,197</u>	<u>29,274</u>	<u>63,582</u>	<u>72,629</u>
General & Administration Expenses				
Advertising and Promotion	6,288	1,196	20,430	3,996
Amortization-Furniture and Equipment	502	2,071	1,243	6,211
-Patent Application and Development Costs	1,650	-	3,613	-
-Intangible Assets	1,450	-	4,350	-
Conference	1,890	-	1,890	-
Consulting	140,763	83,000	568,038	183,600
Dues and Filing Fees	11,278	4,932	35,731	15,300
Interest and Bank Charges	569	1,207	1,640	2,159
Investor Relations	40,192	312	75,984	7,512
Legal and Accounting	13,941	1,498	44,607	21,738
Marketing	25,552	-	34,747	-
Office and Miscellaneous	12,781	4,048	30,633	15,690
Product Development	68,307	2,093	88,657	21,735
Rent	6,493	6,798	19,479	21,573
Travel	8,033	117	11,231	461
Wage and Benefits	16,062	8,063	165,698	64,708
Total General & Administration Expenses:	<u>355,751</u>	<u>115,335</u>	<u>1,107,971</u>	<u>364,683</u>
Loss from Operations	<u>( 332,554)</u>	<u>( 86,061)</u>	<u>(1,044,389)</u>	<u>( 292,054)</u>
Other Income / (Expense)				
Net Gain on Legal Settlement (Note7)	-	-	-	10,545
Interest Revenue	21,663	-	38,253	-
	<u>21,663</u>	<u>-</u>	<u>38,253</u>	<u>10,545</u>
Loss and Comprehensive Loss for the Period	<u>( 310,891)</u>	<u>( 86,061)</u>	<u>(1,006,136)</u>	<u>( 281,509)</u>
Deficit, Beginning of Period	<u>(3,299,036)</u>	<u>(2,237,149)</u>	<u>(2,603,791)</u>	<u>(2,041,701)</u>
Deficit, End of Period	<u>\$ (3,609,927)</u>	<u>\$ (2,323,210)</u>	<u>\$ (3,609,927)</u>	<u>\$ (2,323,210)</u>
Basis Loss Per Share	(0.01)	(0.00)	(0.02)	(0.01)
Diluted Loss Per Share	(0.01)	(0.00)	(0.02)	(0.01)
Weighted Average of Shares Outstanding	44,301,812	22,230,404	42,301,812	21,844,200

\*See accompanying notes to the interim consolidated financial statements

**ALDA PHARMACEUTICALS CORP.****INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
FOR THE PERIOD ENDED**

EXPRESSED IN CANADIAN DOLLARS	Three Month Ended March 31,		Nine Month Ended March 31,	
	2008	2007	2008	2007
Operating Activities:				
Loss and Comprehensive Loss for the Period	\$ ( 310,891)	\$ ( 86,061)	\$ ( 1,006,136)	\$ ( 281,509)
Items Not Involving Cash				
Amortization-Furniture and Equipment	502	2,071	1,243	6,211
-Patent Application and Development Costs	1,650	-	3,613	-
-Intangible Assets	1,450	-	4,350	-
Stock-Based Compensation	23,271	( 3,000)	425,328	32,600
	( 284,018)	( 86,990)	( 571,602)	( 242,698)
Changes in Non-Cash Working Capital Items				
Decrease/ (Increase) in Accounts Receivable	( 12,250)	( 1,673)	( 17,289)	2,273
Decrease/ (Increase) in Inventory	3,272	3,293	8,062	9,270
Decrease/ (Increase) in Prepaid and Others	39,748	( 3,840)	( 12,230)	( 2,925)
(Decrease)/ Increase in Accounts Payable and Accrued Liabilities	6,394	84,634	( 28,423)	156,853
	( 246,854)	( 4,576)	( 621,482)	( 77,227)
Investing Activities:				
Patent Application and Development Costs	( 16,922)	-	( 51,045)	-
Purchase of Computer Equipment	( 6,420)	-	( 6,420)	-
	( 23,342)	-	( 57,465)	-
Financing activities:				
Net Proceeds on Issuance of Shares	8,250	-	1,038,728	46,500
Warrants/Options Exercised	1,031,200	-	1,706,000	-
Due to Related Parties	-	5,000	-	5,000
	1,039,450	5,000	2,744,728	51,500
Increase/ (Decrease) in Cash	769,254	424	2,065,781	( 25,727)
Cash, Beginning of Period	1,652,654	2,329	356,127	28,480
Cash, End of Period	\$ 2,421,908	\$ 2,753	2,421,908	\$ 2,753

\*See accompanying notes to the interim consolidated financial statements

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****1. BASIS OF PRESENTATION**

These consolidated financial statements include the accounts of ALDA Pharmaceuticals Corp. (“the Company”) and its wholly-owned subsidiary, Sirona Therapeutics Corp. (“Sirona”). The name of the subsidiary was changed on January 10, 2006 from ALDA Institute For Preventative Health Care Inc. Sirona is an inactive company, the shares of which were acquired pursuant to an asset purchase agreement.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of the business. The Company has yet to achieve a level of revenues adequate to achieve profitability. The application of the going concern assumption is dependent on the ability of the Company to secure sufficient financing, and to develop profitable operations. Management of the Company believes that it will succeed in meeting those objectives, allowing the continued operation of the company.

	<b>March 31, 2008</b>	June 30, 2007
Deficit	\$ 3,609,928	\$ 2,603,791
Working capital	<b>2,449,791</b>	627,730

**2. DESCRIPTION OF OPERATIONS**

The Company was incorporated under the Company Act of British Columbia on May 30, 2000 and was classified as a Capital Pool Company as defined by the policies of the TSX Venture Exchange (“the Exchange”). The Company completed its required Qualifying Transaction on November 13, 2003. As a result of the Company completing the Qualifying Transaction, it ceased to be a Capital Pool Company, and its shares resumed trading on the Exchange effective November 19, 2003.

The Company’s main business activity is the development, production and marketing of infection control agent products, principally a product marketed as T<sup>3</sup>6<sup>®</sup> Disinfectant. Effective November 26, 2003, the name of the Company was changed from Duft Biotech Capital Ltd. to ALDA Pharmaceuticals Corp.

The interim period consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with Canadian generally accepted principles has been condensed or omitted. The interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company’s latest annual filing. In the opinion of the Company, the unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim period presented.

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****3. ADOPTION OF NEW ACCOUNTING PRINCIPLES**

In addition to accounting policies disclosed in the consolidated financial statement for the year ended June 30, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to comprehensive income, recognition, measurement, disclosure and presentation of financial instruments and hedges. These new accounting standards are applied prospectively beginning July 1, 2007:

Section 1530 – Comprehensive Income – This section established standards for reporting and presentation of a statement of comprehensive income. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income is defined as the change in equity from transactions and other events from non owner sources. Other comprehensive income includes holding gains and losses on certain derivative instruments that are classified as available-for-sales and gains or losses due to the change in foreign currency relating to self-sustaining foreign operations; all of which are not recognized in net earnings until realized.

Section 3251 – Equity – In addition to Section 1530 (Comprehensive Income) and Section 1530 (Share Capital) and Section 3260 (Reserves), this section establishes standards for the presentation of equity and changes in equity during the reporting period.

Section 3855 – Financial Instruments – Recognition and Measurement – This section established standards for recognizing and measuring financial instruments in the balance sheets and specifying how unrealized or realized gains and losses are to be presented during the reporting period. In accordance with the new accounting standard, all financial assets and financial liabilities are measured at fair value on initial recognition except for certain related party transaction. Financial instruments have been classified as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets that are held to maturity, other than those held for trading are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income until realized, at that time, realized gains and losses will be recognized in net income. Held for trading instruments are measured at fair value with unrealized gains and losses recognized in the results of operations in the period in which they arise. Any transaction costs incurred to acquire financial instruments will be included.

Section 3861 – Financial Instruments – Disclosure and Presentation – This section establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. The Company designated its cash and equivalents as held-for-trading, which are measured at fair value. Receivables are classified as loans and receivables which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Financial assets classified as loans and receivables and other financial liabilities have a fair value approximate their carrying value due to short-term in nature.

Section 3865 – Hedges – This section established standards for the company that chooses to designate qualifying transactions as hedges for accounting purposes. This section builds on Accounting Guideline AcG-13, “Hedging Relationships,” and Section 1650, “Foreign Currency Translation” The Company does not use hedge accounting and has no hedging relationships.

The adoption of new accounting policies has no effect on the deficit balance for the period ended March 31, 2008.

**ALDA PHARMACEUTICALS CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008**

**4. FURNITURE AND EQUIPMENT**

Furniture and equipment at March 31, 2008 and June 30, 2007 consist of the following:

	Historical Cost	Accumulated Amortization	March 31, 2008 Net	June 30, 2007 Net
Furniture and Fixtures	\$ 7,683	\$ 7,400	\$ 283	\$ 1,133
Computer Equipment	30,535	24,159	6,376	349
	<u>\$ 38,218</u>	<u>\$ 31,559</u>	<u>\$ 6,659</u>	<u>\$ 1,482</u>

**5. PATENTS APPLICATION AND DEVELOPMENT COSTS**

Patent application and development costs at March 31, 2008 and June 30, 2007 were determined as follows:

	Historical Cost	Accumulated Amortization	March 31, 2008 Net	June 30, 2007 Net
Patents Application and Development Costs	\$ 93,661	\$ 5,745	\$ 87,916	\$ 40,486

**6. INTANGIBLE ASSETS**

Effective July 1, 2006, the Company changed its estimate of the useful life of the intangible assets from an infinite life to a finite life of 20 years. The carrying amount as at March 31, 2008 and June 30, 2007 consist of the following:

	Balance as at June 30, 2006	Accumulated Amortization	December 31, 2007 Net	June 30, 2007 Net
Intangible Assets	\$ 116,000	\$ 10,150	\$ 105,850	\$ 110,200

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****7. SHAREHOLDERS' EQUITY**

## a) Share Capital

Authorized:

Unlimited common shares without par value

Effective August 19, 2005, the authorized share capital of the Company was increased to an unlimited number of common shares without par value.

Issued and outstanding:

	March 31, 2008		June 30, 2007	
	Number of Shares	Amount	Number of Shares	Amount
<b>Beginning Balance</b>	<b>32,192,404</b>	<b>\$2,658,868</b>	20,800,404	\$1,969,562
Private Placement (i)/(ii)	-	-	9,430,000	467,480
Finders' Fees	-	-	-	( 6,180)
Warrant Exercised (iii)	-	-	1,062,000	120,006
Options Exercised (iii)	-	-	900,000	108,000
Private Placement (iv)/(v)	<b>5,500,000</b>	<b>443,042</b>	-	-
Finders' Fees (iv)/(v)	<b>82,895</b>	<b>( 6,300)</b>	-	-
Share Issuance Costs (iv)/(v)	-	<b>( 13,573)</b>	-	-
Warrant Exercised (vi)	<b>10,396,500</b>	<b>2,006,667</b>	-	-
Options Exercised (vi)	<b>650,000</b>	<b>96,000</b>	-	-
<b>Ending Balance</b>	<b>48,821,799</b>	<b>\$5,184,704</b>	32,192,404	\$ 2,658,868

- i) On September 13, 2006, the Company completed a private placement of 1,430,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$71,500. Each unit consists of one common share of the Company and one share purchase warrant, each warrant entitling the holder to purchase one common share at a price of \$0.10 per share for a period of 12 months following the closing date.
- ii) On June 7, 2007, the Company completed a private placement of 8,000,000 units of the Company at a price of \$0.10 per unit for gross proceeds of \$800,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.20 per share until June 7, 2008 and, thereafter at a price of \$0.30 per share until June 7, 2009. Finders' fees in the amount of \$6,180 were charged against share capital in connection with the private placement.
- iii) During the year ended June 30, 2007, 900,000 options and 1,062,000 warrants were exercised by the holders at a price of \$0.10 per unit for gross proceeds of \$196,200. Option values of \$18,000 previously recorded in contributed surplus for options were credited to share capital.

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****7. SHAREHOLDERS' EQUITY (CONTINUED)**

## a) Share Capital (Continued)

- iv) On August 13, 2007, the Company completed a private placement of 2,000,000 units of the Company at a price of \$0.12 per unit for gross proceeds of \$240,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.24 per share until August 13, 2008 and, thereafter at a price of \$0.36 per share until August 13, 2009. Finders' fees and legal fees in the amount of \$13,920 were charged against shares capital in connection with the private placement.
- v) On November 22, 2007, the Company completed a private placement of 3,500,000 units of the Company at a price of \$0.15 per unit for gross proceeds of \$525,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.30 per share until November 22, 2008 and, thereafter at a price of \$0.45 per share until November 22, 2009. 5% finder's fee in the amount of \$15,750 was to be satisfied by the delivery of 82,895 common shares of the Company at a deemed price per share of \$0.19. Legal fees in the amount of \$5,953 were charged against shares capital in connection with the private placement.
- vi) During the nine month period ended March 31, 2008, 650,000 options and 10,396,500 warrants were exercised by the holders at a price range of \$0.10 to \$0.11 per option and at a price range of \$0.10 to \$0.30 per warrant for total gross proceeds of \$1,639,000. Option values of \$29,000 previously recorded in contributed surplus for options were credited to share capital.

## b) Stock options:

A summary of the outstanding Company's stock options at March 31, 2008 and June 30, 2007 is presented below:

	March 31, 2008		June 30, 2007	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of period	2,480,000	\$ 0.11	537,647	\$ 0.19
Granted during the period				
-consulting/officers (i)/(v)/(vi)	1,420,000	0.50	2,130,000	0.10
-directors (ii)/(v)/(vi)	300,000	0.50	1,050,000	0.11
-employees (ii)/(iv)/(vi)	100,000	0.50	350,000	0.10
Expired/exercised/cancelled during year (iii)	( 650,000)	0.10	( 1,587,647)	0.13
Outstanding, end of period	3,650,000	\$ 0.31	2,480,000	\$ 0.11

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****7. SHAREHOLDERS' EQUITY (CONTINUED)**

## b) Stock options (continued):

The following table summarizes information about stock options outstanding at March 31, 2008:

Number of Shares	Exercise Price	Expiry Date	Number Exercisable
380,000	\$ 0.10	August 2, 2008	380,000
300,000	\$ 0.11	August 12, 2009	300,000
1,150,000	\$ 0.12	May 3, 2009	1,150,000
1,820,000	\$ 0.50	December 7, 2010	1,345,000
3,650,000			3,175,000

- (i) During the year ended June 30, 2007, the Company granted options to acquire 730,000 common shares of the Company to certain consultants and scientific advisors for their services provided to the Company. These options have an exercise price of \$0.10 per share. 430,000 of these options have an exercisable period of two years from the date of grant; the remaining 300,000 options have an exercisable period of five years from the date of grant. 530,000 options vested immediately. The remaining options are subject to other performance criteria. The options to acquire 430,000 common shares of the Company have an estimated fair value of \$0.02 per share (\$8,600) and the options to acquire 300,000 common shares of the Company have an estimated fair value of \$0.04 per share (\$12,000). \$12,600 was recognized.
- (ii) During the year ended June 30, 2007, the Company granted options to acquire 1,150,000 common shares of the Company to employees, directors and senior officers. The options have an exercise price of \$0.10 with an exercisable term of two years from the date of the grant. All options vested immediately with an estimated fair value of \$0.02 per share resulting in \$23,000 in stock based compensation expense being recognized.
- (iii) During the year ended June 30, 2007, options granted to an employee to acquire 150,000 common shares of the Company were cancelled due to the employee's departure. The related expense of \$3,000 (\$0.02 per share), previously booked in wages and benefits in the Statement of Operations, was reversed and charged against the contributed surplus.
- (iv) During the year ended June 30, 2007, the Company granted options to acquire 500,000 common shares of the Company to employees and directors. The options have an exercise price of \$0.11 with an exercisable term of two years from the date of the grant. All options vested immediately with an estimated fair value of \$0.07 per share resulting in \$35,000 in stock based compensation expense being recognized.
- (v) During the year ended June 30, 2007, the Company granted options to acquire 1,150,000 common shares of the Company to directors, consultants and officers. The options have an exercise price of \$0.12 with an exercisable term of two years from the date of grant. All options vested immediately with an estimated fair value of \$0.07 per share resulting in \$80,500 in stock based compensation expense being recognized.

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****7. SHAREHOLDERS' EQUITY (CONTINUED)**

## b) Stock options (continued):

(vi) During the nine month period ended March 31, 2008, the Company granted options to acquire 1,820,000 common shares of the Company to directors, consultants, officers, employees and investor relations. The options have an exercise price of \$0.50 with an exercisable term of two years expiring December 7, 2011. 1,345,000 options vested immediately with an estimated fair value of \$0.31 per share resulting in \$394,057 in stock based compensation expense being recognized. 475,000 options shall vest in equal quarterly installment over a period of 12 to 24 months from the date of grant.

(vii) During the nine month period ended March 31, 2008, 650,000 options exercised at an exercise price range of \$0.10 to \$0.11. The related expense of \$29,000, previously booked in the Statement of Operations was reversed and charged against the contributed surplus.

1,820,000 stock options were granted during the nine month period ended March 31, 2008. Stock based compensation expense for the nine month period ended March 31, 2008 and March 31, 2007 were presented in the Statement of Operations and Deficit as follows:

	<b>March 31, 2008</b>	March 31, 2007
Consulting/Officers	<b>\$ 277,945</b>	\$ 10,600
Investor Relations	<b>23,271</b>	2,000
Wages and Benefits	<b>124,112</b>	23,000
Total Stock-Based Compensation	<b>\$ 425,328</b>	\$ 35,600

The fair value of each option was estimated as at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	<b>March 31, 2008</b>	March 31, 2007
Dividend yield	<b>0%</b>	0%
Expected volatility	<b>112.30%</b>	128.90%
Risk free interest rate	<b>3.89%</b>	4.19%
Expected average option term	<b>3 years</b>	2.25 years

**ALDA PHARMACEUTICALS CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008**

**7. SHAREHOLDERS' EQUITY (CONTINUED)**

## c) Warrants

The Company has issued warrants entitling the holders to acquire common shares of the Company. A summary of changes in unexercised warrants is presented below.

	Warrants @ \$0.10 (1)	Warrants @ \$0.10 (2)	Warrants @ \$0.20 (3)	Warrants @ \$0.24 (4)	Warrants @ \$0.30 (5)	Total
Outstanding, June 30, 2007	1,430,000	2,934,000	8,000,000	-	-	12,364,000
Granted during period	-	-	-	2,000,000	3,500,000	5,500,000
Warrant exercised	(1,330,000)	(2,934,000)	(4,530,000)	(1,177,500)	(425,000)	(10,396,500)
Expired during period	( 100,000)	-	-	-	-	(100,000)
Outstanding, March 31, 2008	-	-	3,470,000	822,500	3,075,000	7,367,500

- (1) Exercisable until September 12, 2007, granted pursuant to private placement.
- (2) Terms of the warrants were amended to extend the exercisable period of the warrants to December 22, 2007 at the exercise price of \$0.10 per share.
- (3) Exercisable at a price of \$0.20 per share until June 7, 2008 and, thereafter at a price of \$0.30 per share until June 7, 2009, granted pursuant to private placement.
- (4) Exercisable at a price of \$0.24 per share until August 13, 2008 and, thereafter at a price of \$0.36 per share until August 13, 2009, granted pursuant to private placement.
- (5) Exercisable at a price of \$0.30 per share until November 22, 2008 and, thereafter at a price of \$0.45 per share until November 22, 2009, granted pursuant to private placement.

The fair value of each warrant was estimated as at the date of grant using the Black-Scholes pricing model with the following weighted-average assumptions:

	Nine month ended March 31, 2008	Year ended June 30, 2007
Dividend yield	0%	0%
Expected volatility	118.99%	128.10%
Risk free interest rate	4.08%	4.20%
Expected average option term	2 years	1.85 year

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****7. SHAREHOLDERS' EQUITY (CONTINUED)**

## d) Contributed surplus - Warrants:

Contributed surplus attributed to the issuance of warrants at March 31, 2008 and June 30, 2007, and activity during the nine month period ended March 31, 2008 and year ended June 30, 2007, are summarized as follows:

	<b>March 31, 2008</b>	June 30, 2007
Balance, beginning of period	\$ 553,627	\$ 163,413
Private Placement (Note 7(a)(i)&(ii))	-	404,020
Warrant Exercised (Note 7(a)(iii))	-	( 13,806)
Private Placement (Note 7(a)(iv)&(v))	<b>321,958</b>	-
Warrant Exercised (Note 7(a)(vi))	<b>( 367,667)</b>	-
Balance, end of period	<b>\$ 507,918</b>	\$ 553,627

## e) Contributed surplus - Options:

Contributed surplus attributed to the granting of stock options at March 31, 2008 and June 30, 2007, and activity during the nine month period ended March 31, 2008 and year ended June 30, 2007, are summarized as follows:

	<b>March 31, 2008</b>	June 30, 2007
Balance, beginning of period	\$ 171,194	\$ 41,094
Options issued to employees (Note 7(b)(ii)&(iv)&(vi))	<b>31,028</b>	12,000
Options issued to directors (Note 7(b)(ii)&(v)&(vi))	<b>93,084</b>	53,500
Options issued to consultants (Note 7(b)(i)&(v)&(vi))	<b>277,945</b>	85,600
Options issued to investor relations (Note 7(b)(vi))	<b>23,271</b>	-
Options forfeited / cancelled (Note 7(b)(iii))	-	( 3,000)
Options exercised (Note 7(b)(iii))	<b>( 29,000)</b>	( 18,000)
Balance, end of period	<b>\$ 567,522</b>	\$ 171,194

**ALDA PHARMACEUTICALS CORP.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2008****8. GAIN ON LEGAL SETTLEMENT**

- (i) On August 2, 2005, the Company received the proceeds from the Company's lawyer regarding the settlement of the trademark dispute. The proceeds of the settlement for a total amount of \$37,383 (\$30,000 (US)) have been recorded in the Statement of Operations and Deficit as "Gain on legal settlement" for the period ended September 30, 2005.

During the 2005 year, the Company commenced legal action against the competitor with respect to certain alleged defamatory statements made by the competitor. This claim was settled effective July 12, 2006, by an agreement under which the Company is to receive an amount of \$15,000 from the competitor. The proceeds of the settlement, net of associated legal costs in the amount of \$4,455, have been recognized in the Statement of Operations and Deficit for the period ended March 31, 2007.

**9. RELATED PARTY TRANSACTIONS**

- a) During the three month period ended March 31, 2008, the Company paid consulting fees of \$99,813 (March 31, 2007: \$30,000) to companies controlled by directors of the Company.

During the nine month period ended March 31, 2008, the Company paid consulting fees of \$207,813 (March 31, 2007: \$90,000) to companies controlled by directors of the Company.

- b) During the three month period ended March 31, 2008, the Company paid rent of \$6,493 (March 31, 2007: \$6,798) to a company controlled by a director of the Company.

During the nine month period ended March 31, 2008, the Company paid rent of \$19,478 (March 31, 2007: \$21,573) to a company controlled by a director of the Company.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. SUBSEQUENT EVENTS**

- a) Subsequent to March 31, 2008, 265,000 warrants at an exercise price of \$0.20 per warrant, 60,000 warrants at an exercise price of \$0.24 and 195,000 warrants at an exercise price of \$0.30 per warrant were exercised for total gross proceeds of \$125,900.
- b) Subsequent to March 31, 2008, the Company has granted incentive stock options to certain directors, senior officers, and employees and consultants to purchase a total of 1,150,000 common shares at an exercise price of 80 cents and a term of three years, expiring on May 2, 2011 or May 5, 2011. The options and shares issuable upon exercise, if any, will be subject to a four-month hold period from the date of grant in accordance with TSX Venture Exchange policy.