

Form 51-102FI

SERNOVA CORP.

Management's Discussion and Analysis of Results of Operations and Financial condition for the six months ended April 30, 2007.

The following discussion and analysis should be read in conjunction with the first quarter unaudited financial statements and related notes dated April 30, 2007. This discussion and analysis provides an update to the Management's Discussion and Analysis ("MD&A") and financial statements contained in the audited, October 31, 2006 year end report and financial statements.

The information in this MD&A contains forward-looking statements

The information contained in this report is made as of June 20, 2007.

Performance Summary and Update

On May 25, 2006 the Company announced it had received TSX approval for the joint venture and financing agreement with Sertonex Inc. (Sertonex) of London Ontario and Sertoli Technologies Inc. (STI) of Tucson Arizona. The purpose of the joint venture is to develop a commercially viable treatment for Type 1 human diabetes using transplanted devices containing porcine cells. The technology is branded as "Sertolin."

Under the terms of the agreement, Sernova has the exclusive right to acquire 100% of the project by funding the development of the technology for a minimum of \$3,500,000 in three stages. The first stage required \$1,000,000 and was due within 90 days of Exchange approval, the second stage required \$1,000,000 and was due within 6 months of Exchange approval, and the third stage required \$1,500,000 and was due within 12 months of Exchange approval. As each stage of the project is financed, Sernova acquires one third of the project by issuing 1,157,500 shares to each of the two shareholders of Sertonex, Dr. David White and Mr. Justin Leushner.

On May 25, 2006 the Company also announced it had completed a private placement financing for gross proceeds of \$3,229,100. The funds will be used to fund research on the diabetes project and for operating expenses.

Performance Summary and Update (cont'd...)

On August 9, 2006, with the first two stages completed, the company exercised its option under the joint venture agreement to concurrently close the first two stages and acquire 67% of the project. Dr. White and Mr. Leushner each received 2,315,000 common shares of Sernova, subject to timed and performance earn-out escrow agreements. Mr. Leushner joined the board of directors of the Company and Dr. White was engaged as the principal researcher on the project and Chair of Sernova's Scientific Advisory Board.

The escrow terms of the timed escrow agreement with White and Leushner is shown below.

Release Dates	Total Number of Escrowed Securities to be Released
Aug. 9, 2006	463,000
February 9, 2007	694,500
Aug. 9, 2007	694,500
February 9, 2008	694,500
Aug. 9, 2008	694,500
February 9, 2009	694,500
Aug. 9, 2009	694,500
Total	4,630,000

These White and Leushner shares are further restricted by earnout provisions on 50% of the escrowed shares:

The Shares will be released from escrow hereunder on the following basis:

- (i) 1,157,500 shares on the date that Sernova or an affiliate receives approval from the United States FDA (or its foreign equivalent in Canada, Europe or Japan) of an investigational new drug application or other appropriate regulatory application, as applicable, (or its foreign equivalent in Canada, Europe or Japan) for the initiation of human clinical trials for a Licensed Product;
- (ii) the balance of 1,157,500 shares on the date that Sernova or an affiliate enrolls the first patient in a Phase 3 human clinical efficacy trial (or its foreign equivalent in Canada, Europe or Japan) for a Licensed Product;

provided the Escrow Agent receives a declaration of the Company, in each instance, that the conditions for the release have been met.

Performance Summary and Update (Cont'd...)

As part of the agreement, STI exclusively licensed to Sernova all patents, and patent applications for the therapeutic use of Sertoli cell technology, the key component of the diabetes research project. In exchange, Sernova issued to STI 6,527,500 common shares and a licensing fee of \$1,142,312, and certain other future royalties on income related to the patents. The payment shares are subject to a 3 year timed escrow agreement. STI is controlled by Research Corporation Technologies, Inc., a not for profit organization setup to facilitate the commercialization of bio medical research. Mr. Charles R. Allard of Edmonton, Alberta joined the board of directors on behalf of STI.

The escrow terms of the timed escrow agreement with STI is shown below.

Release Dates	Total Number of Escrowed Securities to be Released
Aug. 9, 2006	652,750
February 9, 2007	979,125
Aug. 9, 2007	979,125
February 9, 2008	979,125
Aug. 9, 2008	979,125
February 9, 2009	979,125
Aug. 9, 2009	979,125
Total	6,527,500

On June 14, 2006 the Company incorporated a wholly owned US subsidiary in the state of Nevada, called Sertocell Biotechnology (US) Inc., to remove cross-border issues related to pursuing USFDA approvals, US patents, and future joint venture arrangements with US based pharmaceutical companies.

On September 20, 2006 the Company announced its name had been changed from Pheromone Sciences Corp. to Sernova Corp. Shareholders approved the name change at the Company's annual general meeting held on August 18th 2006.

At the Annual General Meeting held on April 19, 2007 the shareholders elected 6 directors to the Board: Dr. George Adams, Charles Allard, Dr. William Cochrane, Justin Leushner, Devinder Randhawa and Dr. Eldon Smith. At the subsequent Board of Directors meeting the following appointments were made:

Performance Summary and Update (Cont'd...)

- George. Adams - Chairman of the Board;
- Devinder Randhawa - Vice-Chairman of the board;
- Justin Leushner - President and CEO;
- Patrick Groening - Corporate Secretary and CFO
- Phil Morehouse – Executive Vice President

To help guide the diabetes research efforts the Company established a new Scientific Advisory Board chaired by Dr. David White. Dr. White is Sernova's principal researcher on its diabetes project. He is a noted immunologist, formerly a professor at Cambridge University in England and now Professor of Xenotransplantation at the University of Western Ontario.

Also on the Scientific Advisory Board are Dr. Norman Wong, co-founder of Resverlogix and a Professor in the Departments of Medicine and Biochemistry & Molecular Biology at the University of Calgary, Dr. Jannette Dufour, an expert in Sertoli cells and Assistant Professor in the Department of Cell Biology and Biochemistry at Texas Tech University Health Sciences Center, Dr. Clive Patience a leading expert on biological safety of xenotransplants and currently Associate Director of Bioanalytical Quality Control at Biogen Idec. Inc., and Dr. George King, an award winning diabetologist who is the Director of Research and Head of the Vascular Cell Biology Section at Joslin Diabetes Center, and a Professor of Medicine at Harvard Medical School.

To assist the Board of Directors in commercializing the research findings, the Company has established a Business Advisory Board. Three former Company directors were appointed: Andrew Saxton, William Milligan and Chris Neuman.

The Company is also receiving cash royalty payments from the July 2004 sale of its fertility monitor technology to HealthWatchSystems Inc. The product is branded as OV-Watch™, and is sold on the Internet and in selected markets in the USA. Further details of the transaction are contained in the October 31st, 2004 Year-End Financial Statement Foot Notes, Note Number 12.

Results of Operations

The Company continues to focus on research and development and as such has incurred losses since its inception. For the six months ended April 30, 2007 the company recorded a loss of \$1,532,764 or \$0.03 per share versus a loss of \$1,225,559 or \$0.04 per share in the prior year. Of the current loss recorded for the period, \$243,842 is related to the non-cash expense from stock based compensation. Not including stock based compensation, the net loss for the period would be \$1,288,922. General and administrative expenses for the six months ending April 30, 2007 were \$1,604,152 compared to \$1,232,037 for the six months ended April 30, 2006.

Summary of Quarterly Results

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2005	Net Income (loss)	(80,737)	(158,248)	(77,423)	(117,156)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
2006	Net Income (loss)	(98,315)	(451,772)	(107,385)	(599,697)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
2007	Net Income (loss)	(413,308)	(1,119,456)		
		(0.01)	(0.02)		

Selected Annual Information

	2006		2005		2004	
Loss for the year	\$	(1,257,169)	\$	(433,564)	\$	(368,374)
Total assets		6,696,765		491,662		336,984
Total liabilities		122,151		242,238		174,780
Shareholders' equity		6,574,614		249,424		162,204
Basic and diluted loss per share	\$	(0.04)	\$	(0.02)	\$	(0.02)

Outstanding Share Data

As at June 20, 2007, the Company has 53,094,858 common shares issued and outstanding. The Company also has a total of 4,229,500 outstanding stock options comprised of 4,049,500 options priced at \$0.40 a share, 30,000 at \$0.16 per share, and 150,000 at \$0.13 per share. There are no outstanding warrants.

Liquidity and Capital Resources

As at April 30, 2007, the Company had cash of \$1,843,951 compared to \$2,874,736 as at October 31, 2006. Cash used for operations in the six months ended April 30, 2007 was \$1,030,785 compared to an increase in cash of \$51,002 for the six months ended April 30, 2006. As at April 30, 2007, the Company had no long-term obligations.

Financing

In May, 2006, the Company issued 8,072,750 units at \$0.40 per unit for gross proceeds of \$3,229,100 pursuant to a non brokered private placement. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at \$0.60 for a period of two years. In the event the Company's common shares trade at a 10-day moving average above \$1.00 per share, the Company may terminate any unexercised warrants on thirty days notice. In connection with the placement, the Company paid finder's fees of \$119,385 and administration fees of \$3,200.

Transactions with Related Parties

During the six months ended April 30, 2007, the Company paid management consulting fees in the amount of \$30,000 to a company controlled by Devinder Randhawa, the Chief Executive Officer of the Company. Management consulting fees of \$63,000 were paid to a director, Justin Leushner, for services provided to the Company. Patrick Groening, the Chief Financial Officer of the Company, received \$15,000 for his services, and a company controlled by Phil Morehouse, the Executive Vice President of the Company, received \$32,300 for his services.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties. Amounts due to related parties are non-interest bearing, unsecured and have no specific repayment terms.

Disclosure Controls and Procedures

Sernova Corp. maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to Multilateral Instrument 52-109 is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators' rules and forms. Sernova Corp's Chief Executive Officer and Chief Financial Officer have evaluated Sernova Corp's disclosure controls and procedures as of April 30, 2007 and concluded that the current disclosure controls and procedures are effective.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the

Disclosure Controls and Procedures(Cont'd...)

financial statements and MD&A, is complete and reliable. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they are operating effectively.

It is important to recognize that the Company has very limited administrative staffing. As a result, internal controls which rely on segregation of duties in many cases is not appropriate or possible. The Company relies heavily on senior management review and approval to ensure that the controls are effective as possible.

Subsequent Events

Subsequent to April 30, 2007, the Company issued 2,293,875 common shares for proceeds of \$1,376,325 pursuant to the exercise of all the remaining share purchase warrants.

SERNOVA CORP.
(Formerly Pheromone Sciences Corp.)

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

April 30, 2007

Unaudited Interim Financial Statements

Notice

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended April 30, 2007.

SERNOVA CORP.
(Formerly Pheromone Sciences Corp.)
CONSOLIDATED BALANCE SHEETS

	April 30, 2007	October 31, 2006 (Audited)
ASSETS		
Current		
Cash and cash equivalent	\$ 1,843,951	\$ 2,874,736
Receivables	92,706	61,015
Prepaid expenses	<u>7,200</u>	<u>33,418</u>
	1,943,857	2,969,169
Equipment	11,667	11,933
Intangible assets (Note 4)	<u>4,618,253</u>	<u>3,715,663</u>
	<u>\$ 6,573,777</u>	<u>\$ 6,696,765</u>

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

Current		
Accounts payable and accrued liabilities	<u>\$ 188,784</u>	<u>\$ 122,151</u>
Shareholders' deficiency		
Capital stock (Note 5)	14,691,089	13,591,789
Contributed Surplus (Note 5)	990,710	746,868
Deficit	<u>(9,296,806)</u>	<u>(7,764,043)</u>
	<u>6,384,993</u>	<u>6,574,614</u>
	<u>\$ 6,573,777</u>	<u>\$ 6,696,765</u>

Subsequent events (Note 8)

On behalf of the Board:

George Adams

Director

Dev Randhawa

Director

The accompanying notes are an integral part of these financial statements.

SERNOVA CORP.

(Formerly Pheromone Sciences Corp.)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	For the Three Months Ended April 30, 2007	For the Three Months Ended April 30, 2006	For the Six Months Ended April 30, 2007	For the Six Months Ended April 30, 2006
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	\$ 133	\$ 381	\$ 266	\$ 381
Business development	21,959	-	22,901	-
Conferences	8,910	-	8,910	-
Consulting fees and wages	83,714	25,396	165,687	44,531
Foreign currency loss	12,734	-	12,734	-
Professional fees	99,779	46,631	190,805	63,545
Office and miscellaneous	7,172	39,487	20,325	90,583
Marketing and promotion	-	6,649	-	19,805
Patent amortization	119,861	-	239,722	-
Patent fee	20,926	-	20,926	-
Regulatory/Filing fees	5,599	-	5,599	-
Rent	3,333	-	3,333	-
Research	508,372	-	641,247	-
Shareholder communications	10,380	-	14,115	-
Stock based compensation (Note 5)	235,418	1,013,192	243,842	1,013,192
Transfer agent	8,786	-	10,979	-
Travel	2,761	-	2,761	-
	<u>(1,149,837)</u>	<u>(1,131,736)</u>	<u>(1,604,152)</u>	<u>(1,232,037)</u>
OTHER ITEMS				
Interest income	20,886	4,503	48,495	6,478
Royalty income	9,495	-	22,893	-
	<u>30,381</u>	<u>4,503</u>	<u>71,388</u>	<u>6,478</u>
Loss for the period	(1,119,456)	(1,127,233)	(1,532,764)	(1,225,559)
Deficit, beginning of year	<u>(8,177,350)</u>	<u>(6,605,200)</u>	<u>(7,764,042)</u>	<u>(6,506,874)</u>
Deficit, end of year	\$ (9,296,806)	\$ (7,732,433)	\$ (9,296,806)	\$ (7,732,433)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.04)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding	50,548,247	31,006,426	50,512,919	31,006,426

The accompanying notes are an integral part of these financial statements.

SERNOVA CORP.
(Formerly Pheromone Sciences Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended April 30, 2007	For the Three Months Ended April 30, 2006	For the Six Months Ended April 30, 2007	For the Six Months Ended April 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (1,119,456)	\$ (1,127,233)	\$ (1,532,764)	\$ (1,225,559)
Items not affecting cash				
Amortization	133	381	266	381
Patent amortization	119,861	-	239,722	-
Stock based compensation	235,418	1,013,192	243,842	1,013,192
Changes in non-cash working capital items:				
Increase in receivables	(5,271)	(12,682)	(31,692)	(11,401)
Decrease in prepaid expenses	73,468	-	26,218	-
Increase (decrease) in accounts payable and accrued liabilities	<u>129,980</u>	<u>(141,387)</u>	<u>66,635</u>	<u>(90,328)</u>
Net cash provided by operating activities	<u>(565,867)</u>	<u>(267,729)</u>	<u>(987,773)</u>	<u>(313,715)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of share capital (net of issuance costs)	1,099,300	299,402	1,099,300	299,402
Subscriptions received in advance	<u>-</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
	<u>1,099,300</u>	<u>429,402</u>	<u>1,099,300</u>	<u>429,402</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Deferred acquisition costs	-	(56,613)	-	(62,144)
Patents and trademarks	(1,142,312)	-	(1,142,312)	-
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,541)</u>
Net cash used for investing activities	<u>(1,142,312)</u>	<u>(56,613)</u>	<u>(1,142,312)</u>	<u>(64,685)</u>
Change in cash and equivalents during the period	(608,879)	105,060	(1,030,785)	51,002
Cash and equivalents, beginning of period	<u>2,452,830</u>	<u>320,280</u>	<u>2,874,736</u>	<u>374,338</u>
Cash and equivalents, end of period	<u>\$ 1,843,951</u>	<u>\$ 425,340</u>	<u>1,843,951</u>	<u>\$ 425,340</u>

The accompanying notes are an integral part of these financial statements.

SERNOVA CORP.

(Formerly Pheromone Sciences Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2007

1. INCORPORATION

Sernova Corp. (formerly Pheromone Sciences Corp.) (the “Company”) was incorporated under the Company Act (British Columbia) on August 19, 1998. Effective May 29, 2001, the Company was continued under the Canada Business Corporations Act.

2. BASIS OF PRESENTATION AND GOING CONCERN

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Sertocell Biotechnology (US) Inc. (“Sertocell”) and 66.7% owned subsidiary, Sertonex. All significant inter-company balances and transactions have been eliminated.

The interim period financial statements have been prepared by the Corporation 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 financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Corporation’s latest annual filing. In the opinion of the Corporation, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

These financial statements are prepared on a going concern basis. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to realize its assets at the amounts recorded and discharge its liabilities in other than the normal course of business. The Company has incurred operating losses since inception and its ability to realize the carrying value of its assets is dependent on successfully bringing its technologies to market and achieving future profitable operations, the outcome of which cannot be determined at this time. Continued operations of the Company are dependent on the Company’s ability to complete public equity financing, or generate profitable operations in the future.

Pursuant to the definitive agreement for the sale of its proprietary technology in fiscal 2004, the Company retains a graduated royalty on world wide sales of the fertility monitor and any related products stemming from the Fertilité-OV™ fertility monitor and accompanying technology and patents until the earlier of expiry of the patents or 2014.

3. ACQUISITION OF SUBSIDIARY

The Company acquired an option to purchase 100% of the issued and outstanding common shares of Sertonex, a privately held company, in consideration of the staged issuance of 6,945,000 common shares of the Company and the completion of an aggregate of \$3,500,000 in equity financing to be used on research and development. The common shares issued pursuant to the acquisition agreement will be subject to escrow agreements, of which 50% are time released escrow shares that comprise acquisition costs of Sertonex and 50% are performance based escrow shares that are considered compensatory in nature. The compensatory escrow shares are released in accordance with the performance criteria disclosed in Note 5.

On August 9, 2006, the Company acquired 66.67% of the issued and outstanding shares of Sertonex, in consideration for the issuance of 4,630,000 common shares of the Company, of which 2,315,000 are compensatory and 2,315,000 are non-compensatory, and completed \$2,000,000 of the required \$3,500,000 equity financing. The acquisition is accounted for using the purchase method.

SERNOVA CORP.

(Formerly Pheromone Sciences Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2007

3. ACQUISITION OF SUBSIDIARY (cont'd...)

Total cost of acquisition was \$1,057,540 consisting of the issuance of 2,315,000 non-compensatory common shares valued at \$926,000 and transaction costs of \$131,540. The operating results of Sertonex were recognized in the consolidated statement of operations beginning on August 9, 2006, the effective date of the acquisition.

The allocation of the purchase cost of the assets and liabilities of Sertonex are as follows:

Cash	\$	1,941
Equipment		6,115
Due to related parties		(11,921)
Accounts Payable		(19,251)
Intellectual property		<u>1,080,656</u>
	\$	<u>1,057,540</u>

In order to complete the acquisition of the remaining 33.3% of the issued and outstanding common shares of Sertonex the Company is required to issue an additional 2,315,000 common shares of the Company and raise an aggregate of \$3,500,000 in equity financing. In conjunction with previous equity financing and the exercise of the Company's share purchase warrants, the Company has completed its requirement to raise \$3.5 million in equity financing.

4. INTANGIBLE ASSETS

	April 30, 2007			October 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Patent licenses	\$ 3,897,180	\$ 258,270	\$ 3,638,910	\$ 2,754,868	\$ 86,090	\$ 2,668,778
Intellectual property	<u>1,080,656</u>	<u>101,313</u>	<u>979,343</u>	<u>1,080,656</u>	<u>33,771</u>	<u>1,046,885</u>
	\$ 4,977,836	\$ 359,583	\$ 4,618,253	\$ 3,835,524	\$ 119,861	\$ 3,715,663

In April of 2007, the Company completed its option to purchase licenses and sublicenses on patents in consideration for the issuance of 6,527,500 common shares of the Company valued at \$2,611,000 and payment of \$1,142,312. The Company also incurred transaction costs of \$143,868 and certain future royalty payments to complete acquisition. .

SERNOVA CORP.

(Formerly Pheromone Sciences Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2007

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
An unlimited number of common shares, without par value			
Balance as at October 31, 2005	27,865,771	\$ 6,577,522	\$ 178,774
Private placements	8,072,750	3,229,100	-
Shares issued on conversion of debentures	674,231	87,650	-
Shares issued for patent	6,527,500	2,611,000	-
Shares issued for 2/3 of project	4,630,000	926,000	-
Share issuance costs	-	(169,063)	-
Exercise of warrants	2,535,231	329,580	-
Stock-based compensation	-	-	568,094
Balance as at October 31, 2006	50,305,483	13,591,789	746,868
Exercise of warrants	1,742,500	1,045,500	-
Exercise of options	140,500	53,800	-
Stock-based compensation	-	-	243,842
Balance as at April 30, 2007	52,188,483	\$ 14,691,089	\$ 990,710

Private placements

In May, 2006, the Company issued 8,072,750 units at \$0.40 per unit for gross proceeds of \$3,229,100 pursuant to a non brokered private placement. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at \$0.60 until May 16, 2008. The Company has the right to force the exercise of the warrants if the stock trades at a 10-day moving average above \$1.00 per share. In connection with the placement, the Company paid finder's fees of \$119,385 and administration fees of \$3,200.

In April 2007, the Company exercised its right to force the exercise of the remaining warrants.

Escrow shares

Included in the escrow shares at April 30, 2007 are 10,041,750 common shares also which were subject to time release escrow agreements and will not be released, transferred or assigned without the consent of the regulatory authorities.

Performance escrow shares

Included in issued capital stock at April 30, 2007 are 2,315,000 common shares subject to a performance based release as follows:

- 1,157,500 common shares on the date the Company receives approval from authorities for the initiation of human trials for a licensed product;
- 1,157,500 common shares on the date the Company enrolls the first patient in a Phase 3 human clinical efficacy trial for a licensed product.

SERNOVA CORP.

(Formerly Pheromone Sciences Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2007

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**Warrants and stock options**

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance outstanding, October 31, 2005	915,000	\$ 0.18	1,861,000	\$ 0.13
Granted	3,880,000	0.40	4,710,606	0.53
Exercised	-	-	(2,535,231)	0.13
Cancelled/expired	<u>(725,000)</u>	0.20	<u>-</u>	-
Balance outstanding, October 31, 2006	4,070,000	\$ 0.39	4,036,375	\$ 0.60
Granted	300,000	0.40	-	-
Exercised	<u>(140,500)</u>	0.38	<u>(1,742,500)</u>	0.60
Balance outstanding, April 30, 2007	4,229,500	\$ 0.39	2,293,875	\$ 0.60

The following table summarizes information about the stock options outstanding at April 30, 2007:

	Number of Shares	Exercise Price	Expiry Date
Options	150,000	\$0.13	March 30, 2010
	30,000	0.16	January 3, 2010
	2,339,500	0.40	March 20, 2011
	1,410,000	0.40	September 11, 2011
	<u>300,000</u>	0.40	November 22, 2011
Total	4,229,500		
Warrants	1,307,625	0.60	May 7, 2007
	<u>986,250</u>	0.60	May 7, 2007
Total	2,293,875		

The fair value of stock options has been estimated with the following assumptions:

April 30	2007	2006
Dividend yield	\$0.00	\$0.00
Expected volatility	53.87%	94.32%
Risk free interest rate	3.88%	4.04%
Expected life of options	5 years	5 years

SERNOVA CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2007

6. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties:

Six month period ended April 30	2007	2006
Consulting fees	\$ 140,300	\$ 25,500

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Amounts due to related parties are non-interest bearing, unsecured and have no specific repayment terms.

7. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management, in deciding how to allocate resources in assessing performance. All of the Company's operations are within research and development in the biotechnology sector with all of the Company's capital assets located in Canada.

8. SUBSEQUENT EVENTS

Subsequent to April 30, 2007, the Company issued 2,293,875 common shares for proceeds of \$1,376,325 pursuant to the exercise of all the remaining share purchase warrants.