

**Med BioGene Inc.**

Condensed Consolidated Interim Financial Statements  
**Three and Six Months Ended June 30, 2021 and 2020**  
(Expressed in US dollars)

Unaudited – Prepared by Management

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

# Med BioGene Inc.

## Condensed Consolidated Interim Statements of Financial Position Prepared by Management

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(expressed in US dollars)

	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 27,395	\$ 79,238
Receivables (Note 5)	1,789	532
Prepaid expenses	10,151	2,056
Total assets	<u>\$ 39,335</u>	<u>\$ 81,826</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 32,433	\$ 42,917
Due to related parties (Note 7)	60,737	135,246
Total liabilities	<u>93,170</u>	<u>178,163</u>
<b>DEFICIENCY</b>		
Common shares (Note 6)	9,205,517	9,130,729
Equity reserves (Note 6)	5,073,703	5,073,703
Deficit accumulated during the development stage	(14,628,367)	(14,597,101)
Accumulated other comprehensive income	295,312	296,332
Total deficiency	<u>(53,835)</u>	<u>(96,337)</u>
Total liabilities and deficiency	<u>\$ 39,335</u>	<u>\$ 81,826</u>

**Nature of operations and going concern** (Note 1)

**Commitments** (Note 9)

**Approved by the Board of Directors on August 27, 2021**

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*"Dr. Iain Weir-Jones"*

Director

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*"Dr. Terence Friedlander"*

Director

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

# Med BioGene Inc.

## Condensed Consolidated Interim Statements of Comprehensive Loss Unaudited – Prepared by Management

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(expressed in US dollars)

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Expenses</b>				
General and administrative (Note 7)	\$ 10,092	\$ 17,912	\$ 31,266	\$ 33,431
<b>Loss for the period</b>	<b>(10,092)</b>	<b>(17,912)</b>	<b>(31,266)</b>	<b>(33,431)</b>
<b>Other comprehensive income (loss)</b>				
Items that can be reclassified subsequently to income:				
Cumulative translation adjustment	(495)	(2,205)	(1,020)	869
<b>Comprehensive loss for the period</b>	<b>\$ (10,587)</b>	<b>\$ (20,117)</b>	<b>\$ (32,286)</b>	<b>\$ (32,562)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>15,257,838</b>	<b>13,257,838</b>	<b>15,257,838</b>	<b>13,257,838</b>

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

# Med BioGene Inc.

## Condensed Consolidated Interim Statements of Cash Flows Unaudited – Prepared by Management

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(expressed in US dollars)

	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Loss for the period	\$ (31,266)	\$ (33,431)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(10,484)	3,439
Due to related parties	(74,509)	26,045
Receivables	(1,257)	(456)
Prepaid expenses	(8,095)	(5,212)
Net cash used in operating activities	<u>(125,611)</u>	<u>(9,615)</u>
<b>Cash flows from financing activities</b>		
Issuance of common shares	74,788	-
Net cash from financing activities	<u>74,788</u>	<u>-</u>
Effect of exchange rate changes on cash	<u>(1,020)</u>	869
<b>Change in cash</b>	(51,843)	(8,746)
<b>Cash – beginning of period</b>	79,238	10,965
<b>Cash – end of period</b>	<u>\$ 27,395</u>	<u>\$ 2,219</u>

**Supplemental disclosure with respect to cash flows** (Note 8)

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

# Med BioGene Inc.

## Condensed Consolidated Interim Statements of Changes in Deficiency

Unaudited - Prepared by Management

(expressed in US dollars)

	Number of shares	Common shares	Warrants and equity reserves	Accumulated other comprehensive income	Deficit accumulated during the development stage	Total equity (deficiency)
<b>Balance – December 31, 2019</b>	<b>13,257,838</b>	<b>\$9,130,729</b>	<b>\$5,073,703</b>	<b>\$ 300,860</b>	<b>\$ (14,542,559)</b>	<b>\$ (37,267)</b>
Other comprehensive income for the period -						
Cumulative translation adjustment	-	-	-	869	-	869
Loss for the period	-	-	-	-	(33,431)	(33,431)
<b>Balance – June 30, 2020</b>	<b>13,257,838</b>	<b>\$ 9,130,729</b>	<b>\$ 5,073,703</b>	<b>\$ 301,729</b>	<b>\$ (14,575,990)</b>	<b>\$ (69,829)</b>
<b>Balance – December 31, 2020</b>	<b>13,257,838</b>	<b>\$ 9,130,729</b>	<b>\$ 5,073,703</b>	<b>\$ 296,332</b>	<b>\$ (14,597,101)</b>	<b>\$ (96,337)</b>
Share issued for cash	2,000,000	74,788				74,788
Other comprehensive income for the period -						
Cumulative translation adjustment	-	-	-	(1,020)	-	(1,020)
Loss for the period	-	-	-	-	(31,266)	(31,266)
<b>Balance – June 30, 2021</b>	<b>15,257,838</b>	<b>\$ 9,205,517</b>	<b>\$ 5,073,703</b>	<b>\$ 295,312</b>	<b>\$ (14,628,367)</b>	<b>\$ (53,835)</b>

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

# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

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(expressed in US dollars)

### 1 Nature of operations and going concern

#### Nature of operations

Med BioGene Inc. (the “Company”), incorporated on April 28, 2006 under the Laws of British Columbia, is based in Vancouver, British Columbia. The Company’s head office and registered office address is 598 East Kent Avenue South, Vancouver, BC, V5X 4V6. The Company is listed on NEX, a separate trading board of the TSX Venture Exchange (“TSX-V”) under the symbol “MBI.H”.

On April 15, 2011, the Company closed a commercialization, license and research reimbursement agreement (as amended, the “Commercialization Agreement”) with Helomics (formerly “Precision Therapeutics Inc.”). The agreement provided Helomics with the exclusive global rights to develop and commercialize GeneFx® Lung. Under the terms of the Commercialization Agreement, Helomics paid to the Company, within 120 days of closing, license fees and research cost reimbursements aggregating \$2,292,589 (received during the year ended December 31, 2011), half of which was creditable against future royalties that may have been owed to the Company by Helomics. In addition, the Company was eligible to receive from Helomics up to \$1.0 million in the following milestone payments, all of which was creditable against future royalties that may have been owed to the Company by Helomics: following the commercial launch of GeneFx® Lung, amounts totalling \$500,000 and, following the achievement of \$5 million in net revenues from GeneFx® Lung, amounts totalling \$500,000. The Company was to receive royalty payments based on a percentage in the high single digits of Helomics’s future net revenues associated with the commercialization of GeneFx® Lung or any other products incorporating the Company’s technology. Helomics was responsible for all future costs associated with the development and commercialization of GeneFx® Lung and the Company was obligated to pay to the University Health Network (“UHN”) royalties of a percentage in the high teens of the actual amounts received by the Company pursuant to the sublicensing of technology licensed by the Company from UHN (paid \$222,816 during the year ended December 31, 2011). Following the closing of the Commercialization Agreement, the Company moved from a development-stage, research and development-oriented organization, to one that was focused on managing the license and rights to GeneFx® Lung granted to Helomics under the Commercialization Agreement. On November 28, 2016, the Company and Helomics signed a settlement agreement which terminated this Commercialization Agreement dated April 15, 2011 (see Note 9).

Until November 2016, the Company anticipated that the nature of its operations would consist of receiving royalties from the commercialization of its intellectual property under the terms of a royalty agreement with a company in the US. This turned out not to be the case, and the Company was forced to carry out a critical review of the value of the intellectual property in the context of the prevailing market conditions. After an extensive review of the current state of technology in this sector, it became apparent that the Company’s prognostic technology was neither cost effective nor representative of the existing state of technology. Consequently, the Directors decided that the Company’s interests would be best served by commercializing alternative non-medical technologies which had a much lower market entry cost in less heavily regulated fields. As a result, the Company will be pursuing opportunities in the public safety sector.

To date, the Company has financed its cash requirements primarily from share issuances. The Company’s 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 predicted at this time. If and until the Company can generate licensing revenues sufficient to finance its cash requirements, it will need to raise additional funds from debt or equity financing.

# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

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(expressed in US dollars)

### 1 Nature of operations and going concern (continued)

#### Going concern

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. As discussed further below, there are material uncertainties that cast significant doubt on the validity of this assumption.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable. Management continues to monitor the situation.

As at June 30, 2021, the Company has working capital deficiency of \$53,835 (December 31, 2020 – \$96,337), shareholders’ deficiency of \$53,835 (December 31, 2020 – \$96,337), and accumulated losses of \$14,628,367 (December 31, 2020 – \$14,597,101 ) since its inception and expects to incur further losses in the development of its business.

Management has assessed the Company’s ability to continue as a going concern. As noted above, the Company came to the conclusion that the likelihood of generating net revenue from the ongoing attempts to commercialize the existing intellectual property had a negligible prospect of success. For this reason, the Company’s focus has shifted to the commercialization of technologies in sectors having a significantly lower entry cost. The Company cannot, with certainty, estimate or know the timing and extent of receipt of licensing revenues from the new technologies or the exact cash resources required by the Company to maintain operations until sufficient licensing revenues are received by the Company, if at all. Until the Company can generate licensing revenues sufficient to finance its cash requirements, if at all, it will need to raise additional external funds through the sale of equity or debt securities or the merger or sale of the Company. The sale of such additional equity and debt securities may result in substantial dilution to the Company’s shareholders or may not be available, if at all, in amounts or on terms acceptable to the Company. If additional capital is required and not obtained, the Company will be forced to cease operations.

If the going concern assumption is not appropriate, it may be necessary to adjust the carrying values of assets and liabilities, and the reported net losses and consolidated statement of financial position classifications used. Such adjustments could be material.

### 2 Basis of presentation

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed consolidated interim financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.



# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

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(expressed in US dollars)

### 2 Basis of presentation (continued)

#### Statement of compliance (continued)

These condensed consolidated interim financial statements were authorized for issue on August 27, 2021 by the directors of the Company.

#### Basis of preparation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

#### Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary DTX Acquisition Company Inc. (incorporated in Alberta). All material intercompany transactions and balances have been eliminated upon consolidation.

#### Reporting currency and foreign currency translation

The condensed consolidated interim financial statements of the Company are based on a Canadian dollar functional currency and have been translated into the US dollar reporting currency using the following method: assets and liabilities using the rate of exchange prevailing at the financial position date; shareholders' deficiency using the applicable historical rate; and revenue and expenses at the average rate of exchange for the respective periods. Translation gains and losses have been included as part of the cumulative translation adjustment, which is reported as a component of accumulated other comprehensive income (loss). The Company uses the US dollar reporting currency due to its relations with the USA.

The Company translates non-Canadian dollar balances for operations into the functional currency as follows:

- (i) property and equipment using historical rates;
- (ii) other assets and liabilities using closing rates with translation gains and losses recorded in other income/expense; and
- (iii) income and expenses using average exchange rates, except for expenses that relate to non-monetary assets and liabilities measured at historical rates, which are translated using the same historical rate as associated non-monetary assets and liability.

Exchange gains and losses arising on translation are included in the condensed consolidated interim statements of comprehensive income (loss) under other comprehensive income (loss). The other comprehensive loss for the period ended June 30, 2021 was \$1,020 (2020 – other comprehensive income of \$869).

#### New accounting standards adopted effective January 1, 2021

The Company was not required to adopt any new accounting standards during the period ended June 30, 2021.

# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

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(expressed in US dollars)

### 3 Capital disclosure

The Company considers share capital, warrants and equity reserves as capital. The Company's objectives when managing its capital structure are to provide sufficient capital to advance the commercialization of its products, meet the Company's obligations as they come due, and provide for the potential acquisition of additional intellectual property rights related to products within the Company's strategic plans.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company monitors its capital structure and may make adjustments to it in light of changes in the Company's operating performance, changes in economic conditions and the risk characteristics of the underlying assets. When adjustments to the capital structure are considered appropriate, such changes may include the issuance of new shares, issuance of new debt, or re-purchasing of shares for cancellation.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended June 30, 2021. The method used by the Company to manage its capital has been the issuance of new share capital. Management does not foresee any changes to this in 2021, however this cannot be assured (see Note 1 – Going concern).

### 4 Financial instruments and financial risk management

The Company is exposed to certain financial risks, including credit risk, liquidity risk and market risk.

#### Credit risk

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 and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

These guidelines are periodically reviewed by the Company's audit committee and modified to reflect changes in market conditions.

# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

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(expressed in US dollars)

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves the Company's annual operating and capital budgets as well as any material transactions outside the ordinary course of business. Management regularly reviews these budgets and maintains short-term cash flow forecasts. At June 30, 2021, the Company's current liabilities including accounts payable and due to related parties were \$93,170 (December 31, 2020 - \$178,163). Further information relating to liquidity risk is set out in Note 1 – Going concern.

## **4 Financial instruments and financial risk management (continued)**

### **Market risk**

Market risk is the risk that changes in foreign exchange rates, interest rates and equity prices will affect the Company's future cash flows or valuation of its financial instruments. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily expenses for consulting, research and development work incurred in US dollars. The Company believes that the results of operations and cash flows would be affected by a sudden change in foreign exchange rates, but would not impair or enhance its ability to pay its US dollar denominated obligations. The Company does not currently view its exposure to US dollars as a significant risk due to the limited volume of transactions it conducts in this currency.

The Company is subject to interest rate risk on its cash and believes that the results of operations, financial position and cash flows would not be significantly affected by a sudden change in market interest rates relative to the investment interest rates due to the short-term nature of the investments. Excess cash is invested in highly rated investment securities at fixed interest rates with varying terms to maturity but generally with maturities of three months or less from the date of purchase.

As at June 30, 2021, the Company had cash of \$27,395 (December 31, 2020 – \$79,238 ). The Company does not invest in equity instruments of other corporations.

Changes in the Company's share price could impact its ability to raise additional capital.

### **Fair value hierarchy**

Financial instruments recognized at fair value on the condensed consolidated interim statements of financial position must be classified into one of the three following fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset and liability;

# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

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(expressed in US dollars)

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The Company's financial instrument carrying amounts and fair values by levels per the fair value hierarchy (there were no changes from the prior year) are as follows:

	Fair Value Level	June 30, 2021	December 31, 2020
<b>Financial assets</b>			
Cash	1	\$ 27,395	\$ 79,238

There are no financial instruments classified at Level 2 or Level 3 in the fair value hierarchy as at June 30, 2021 and December 31, 2020.

### 5 Receivables

Receivables consist of the following:

	June 30, 2021	December 31, 2020
GST receivable	\$ 1,789	\$ 532

### 6 Capital stock

a) Common shares

#### Authorized

Unlimited number of voting common shares, without par value.

On January 7, 2021, the Company completed a non-brokered placement for 2,000,000 units ("Units") at \$0.05 per Unit for gross cash proceeds of \$78,700 (CAD\$100,000). Each Unit consists of one common share. The Company incurred share issuance costs of \$3,912 (CAD\$4,970).

The Company did not issue any common shares during the periods ended June 30, 2020.

b) Stock options

At the annual general and special meeting of the company held on October 30, 2015, the shareholders approved and adopted a new stock option plan that the board of directors of the company approved and adopted on September 22, 2015. The number of common shares in respect of which stock options may be granted is 1,731,567.

Stock options may be exercisable for a period of up to 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

(expressed in US dollars)

### 6 Capital stock (continued)

As at June 30, 2021, the following stock options were issued and outstanding:

Number of options	Exercisable	Exercise price	Expiry date
375,000	375,000	CAD \$0.50	November 19, 2025
775,000	775,000	CAD \$0.50	January 3, 2027
100,000	100,000	CAD \$0.50	February 17, 2027
1,250,000	1,250,000		

As at June 30, 2021, the weighted average remaining contractual life of outstanding options is 5.44 years.

The exercise prices of all stock options are denominated in Canadian dollars and are translated to US dollars at the June 30, 2021 exchange rate.

The Company had no stock option grants during the period ended June 30, 2021 and 2020.

#### a) Stock options (continued)

A summary of changes of stock options outstanding is as follows:

	Options	Weighted average exercise price
Outstanding and Exercisable – December 31, 2019 and 2020 and June 30, 2021	1,250,000	\$ 0.40

#### c) Warrants

As at June 30, 2021, the following warrants were outstanding:

	Number of warrants	Weighted average exercise warrants
Outstanding and Exercisable – December 31, 2019 and 2020	4,600,000	\$ 0.05
Expiry of Warrants – May 12, 2021	(100,000)	0.65
Outstanding and Exercisable – June 30, 2021	4,500,000	\$ 0.04

During the period ended June 30, 2021, 100,000 warrants expired and were not exercised on expiry. As at June 30, 2021, the weighted average remaining contractual life of outstanding warrants is 3.14 years.

The exercise prices of all share purchase warrants are denominated in Canadian dollars and are translated to US dollars at the June 30, 2021 exchange rate.

# Med BioGene Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Six months ended June 30, 2021 and 2020 (Unaudited – Prepared by Management)

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(expressed in US dollars)

### 7 Related party transactions and balances

During the period ended June 30, 2021, the Company:

- (i) paid or accrued \$nil (2020 – \$6,432) and \$4,812 (2020 – \$4,399) for accounting fees to a firm where a director of the Company is a partner and to an officer of the Company respectively;

Related party transactions are reflected as part of general and administrative expense. Amounts owing to these related parties (including former management and directors of the Company) as at June 30, 2021 were \$60,737 (December 31, 2020 – \$135,246). These amounts are non-interest bearing and due on demand.

### 8 Supplemental disclosure with respect to cash flows

There were no significant non-cash transactions during the periods ended June 30, 2021 and 2020.

### 9 Commitments

On April 14, 2008, the Company entered into development agreements with UHN to provide the Company with exclusive world-wide rights to commercialize a prognostic test for early-stage non-small-cell lung cancer developed by UHN.

Effective February 24, 2009, the Company expanded its development agreement with UHN. The agreement expands the intellectual property licensed to the Company and amends the terms of the research collaboration between UHN and the Company. Under these agreements, the Company and UHN are collaborating in certain activities related to the development and validation of GeneFx® Lung and associated data analysis and in the collection of patient specimens to be used in such activities. The research and development expense for this project incurred since inception is approximately \$718,237. The Company is obligated to provide UHN with up to \$878,663 in further milestone and development payments, along with royalties based on future net sales of the tests. Approximately 90% of the above contractual obligations to UHN are related to the launch and commercialization of GeneFx® Lung, and if the Company is unsuccessful in its commercialization efforts, these amounts may never become obligations of the Company. On April 15, 2011, the Company closed the Commercialization Agreement with Helomics. Helomics was responsible for all future costs associated with the development and commercialization of GeneFx® Lung and the Company was obligated to pay to UHN royalties of a percentage in the high teens of the actual amounts received by the Company pursuant to the sublicensing of technology licensed by the Company from UHN (see Note 1 – Nature of operations).

On November 28, 2016, the Company and Helomics signed a settlement agreement which terminated the Commercialization Agreement dated April 15, 2011. Helomics paid a lump sum amount to the Company as a part of the settlement agreement which has been included as other income in the statement of comprehensive income for the year ended December 31, 2016.

Subsequent to this settlement agreement, the Company undertook an assessment of possible value of the prognostic test in the light of current technology, and by canvassing companies in North American and Europe who were, or had been active in the sector. It was determined that the intellectual property incorporated in the Company's test was obsolete, it had been superseded by other more cost-effective tests, e.g. liquid based assays. Accordingly, the Company made the decision that the further expenditure of scarce resources in pursuit of a technology which appeared to have no likelihood of generating net revenue was not in the best interests of the shareholders.