

Med BioGene - Background on GeneFx[®] Lung Commercialization

September 11th, 2015

Med BioGene Inc. (MBI-V) owns the Intellectual Property and manages the license and rights to GeneFx[®] Lung – a genomic-based prognostic test for certain types of lung cancers. GeneFx[®] Lung allows patients, doctors and insurers to make more informed decisions on whether chemotherapy will be an effective treatment.

MBI continues to develop its strategy of being a life science royalty company. The benefits to shareholders of this approach are as follows:

- Dilution over multiple financing rounds is eliminated or dramatically reduced.
- Operating overheads are reduced.
- Facilities maintenance costs are eliminated.
- Marketing and sales costs are eliminated.

MBI's current management are committed to conserving the company's resources by minimizing overhead while pursuing the ultimate goal of commercialization and the generation of a royalty stream with the resultant distribution of dividends to shareholders. The alternative "do it all and go it alone strategy" can have dramatic and adverse effect for a single product company's shareholders. This is illustrated by the examples given below. Each of these companies has a limited product portfolio and has yet to make any dividend payments.

The Market:

The US-based public companies, listed below, all much larger than Med BioGene, are nevertheless similar in that, like MBI, they are single product companies with proprietary, genomic-based tests for different types of cancers. These companies all have significant R&D capacities and vast marketing platforms that allow them to sell their tests directly into the US market. They have had to raise, and continue to raise, considerable amounts of money to maintain their R&D and commercialization platform. None of them pay dividends and any revenues are used for corporate operations.

Med BioGene, by contrast, intends to operate primarily as a **royalty company**. It anticipates receiving milestone payments and royalties on GeneFx[®]Lung sales from Helomics[™], a privately-held, Pennsylvania-based, personalized healthcare company. Med BioGene's management have stated that it is their intention to distribute net revenues to shareholders when these become available. Hence, the anticipated expense vs. revenue model for Med BioGene is quite different, and it offers potential benefits not available to companies with large fixed and variable overheads.

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Company	Symbol	Price USD	~ Shares Outstanding	Mkt Cap USD	Genomic Test	USD Rev/2014
Exact Sciences Corp.	EXAS	\$19.62	90mm	\$1.7 billion	Colorectal/lung	\$1.8 million
Veracyte	VCYT	\$9.39	30mm	\$247 million	Thyroid	\$38.2 million
Genomic Health	GHDX	\$25.53	35mm	\$815 million	Breast	\$275 million
Foundation One Medicine	FMI	\$23.67	70mm	\$806 million	Blood	\$61.1 million
Med Biogene	MBI	CDN \$0.045	87mm	CDN \$3.8 million	Lung	N/A

Our Partner Helomics™



www.helomics.com

Helomics™ currently has four genomic-based cancer prognostic tests, including GeneFx® Lung, that the Company is bringing to the US market. One is designed for colon cancer, and like GeneFx® Lung, is nearing commercialization. **Helomics™** currently has a gynecological cancer test which is already being sold into the US market.

A significant milestone for GeneFx® Lung will be the announcement of the first of what are anticipated to be several US insurers who will pay an estimated US \$3,200 for the GeneFx® Lung test.

The US Health Insurance Market

Unlike Canada, where there is a single healthcare provider – the provincial and federal government in each province – the United States has more than 150 commercial health care insurers for the 273 million Americans who currently have health care insurance coverage.

Helomics™ will be targeting the top 25 of these 150 commercial payers as it seeks to sign up insurers who will pay for the GeneFx® Lung test. These top 25 commercial payers, or insurers, cover about 2/3 of the insured population of Americans, or about 180 million individuals.

For more information, please contact:

Rick Peterson
Peterson Capital
Tel. (604) 249-7890
rick@petersoncapital.ca
www.petersoncapital.ca



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