

**MED BIOGENE INC.**  
**598 East Kent Avenue South**  
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**NEWS RELEASE**

**CLOSING OF PRIVATE PLACEMENT AND CORPORATE UPDATE**

**For Immediate Release**

**October 1, 2014**

Dr. Iain Weir-Jones reports:

**Closing of Private Placement**

Med BioGene Inc. (the “Company” or “MBI”) (TSXV: “MBI”) is pleased to announce that it has closed its previously announced private placement. Pursuant to the private placement the Company has raised \$200,000 by the issuance of 4,000,000 units (the “Units”) at \$0.05 per Unit. Each Unit consisted of one common share of the Company and one share purchase warrant (a “Warrant”) with each Warrant exercisable into an additional common share for a period of 2 years at a price of \$0.10. All the securities issued in connection with the private placement shall have a hold period of four months and a day following the closing.

**Corporate Update**

The Company’s new Board of Directors held their first meeting immediately after the AGM and commenced the process of meeting the regulatory requirements associated with the operation of the Company. As noted in the News Release issued on September 5<sup>th</sup>, 2014, the following appointments were made:

Chief Executive Officer and Chairman of the Board – Iain Weir-Jones, Director  
Chief Financial Officer and Corporate secretary – Ibrahim Ghobrial

Audit Committee – David Diebolt, Director (Chairman)  
– Terrence Friedlander, Director  
– Toby Weir-Jones, Director

At the end of the AGM the outgoing Chairman, Erinn Broshko, turned over documents and media containing information about MBI’s operations. Upon reviewing the bank records and statements the new CFO determined that the net balance in the accounts as of September 4<sup>th</sup>, 2014 totaled approximately \$2,100. Following the closing of the private placement the Company now has funds to continue operations for the immediate future.

The transfer of the electronic files and communications links of the Company has now been completed despite the fact that there were some unanticipated delays. Fortunately MBI has access to a number of resources with expertise in the arcane areas of access tracking and data recovery. The information and records belonging to MBI are now hosted on secure servers and subjected to rigorous back-up procedures. This will minimize the risk of security breaches due to unauthorized access.

The domain name of the MBI website is unchanged. It is [www.medbiogene.com](http://www.medbiogene.com).  
The information email address is [info@medbiogene.com](mailto:info@medbiogene.com).  
The telephone number is 604-732-7332.

## **Matters Arising from the 2014 AGM**

As of today's date the transfer agent for the Company, Computershare, is still attempting to obtain information from Broadridge about the total number of shares which were voted on line, acknowledged, and receipted to the shareholders, but not forwarded to Computershare for inclusion in the tally of proxies produced on September 5<sup>th</sup>. The situation was further complicated by the previous management's failure to document fully the postponement of the AGM to all the Stakeholders, and by their refusal to issue revised proxy solicitation documents identifying all eight nominees for the Board of Directors. An acceptable final tally of proxies has still not been received from Computershare but the current best estimates of disposition of the votes cast, based on the proxies in hand, receipts issued to shareholders who voted on-line but whose proxies did not reach Computershare, and written statements from shareholders is as follows:

- Votes counted for management's slate of Directors ~ 14.2 million shares.
- Votes counted on September 5<sup>th</sup> for the alternative slate of Directors ~ 25.8 million shares.
- Votes for the alternative slate, cast online prior to the 10:00 PDT September 3<sup>rd</sup> cut-off time, but not yet made available to Computershare by Broadridge despite the fact that voting receipts were issued to the voting shareholders, ~ 8.3 million shares.

The best estimate of total number of votes cast is 48.3 million shares, representing about 62% of the issued and outstanding shares of the company. Of the shares voted, approximately 14.2 million shares, ~ 29%, voted in favour of management and ~ 71% voted for the new board. The new Directors appreciate this wide ranging support and will make every effort to ensure that they continue to earn the trust of the Shareholders.

## **Actions of the Board Since the AGM**

In the three weeks since the AGM, contact has been made with both the University Hospital Network in Toronto, and with Precision Therapeutics Inc. in Pittsburgh. MBI's new management team has introduced themselves to both organizations and they emphasized that MBI is committed to strengthening the relationships for the mutual benefit of all the stakeholders.

The UHN enjoys a relationship with MBI, which in some ways is similar to the one MBI has with PTI. The payments from one party to another will be a function of sales of the licensed product once approval and commercialization of GeneFx takes place.

After the initial contact with PTI had been made a conference call was held between the Directors of MBI and the Senior personnel at PTI responsible for the management of the GeneFx Lung product. The conference call took the form of a power point presentation summarizing the work PTI has done in connection with obtaining approval for GeneFx Lung from regulators and insurers in the United States, where they are on the approval path, and their current estimate of when approval might be granted by the US insurers. The PTI presentation will be posted on the MBI website and shareholders are encouraged to review the slides.

The PTI personnel were completely open in the discussion with your Directors and they expressed the same frustrations as those of the MBI shareholders about the delays inherent in US medical insurance approval processes. They noted that the key approval will be that of Medicare, and they hope to have this in Q3 2015. The following points were made, or confirmed by, the PTI representatives, either during the presentation or as the result of questions raised by the MBI Directors.

- There has been no commercialization of GeneFx Lung to date.
- No commercialization will occur in 2014.

- Approval of GeneF<sub>x</sub> Lung for reimbursement by Medicare may occur as soon as Q3 2015.
- Approval by the New York State authorities for GeneF<sub>x</sub> Lung may occur in late 2015. This would be an aid to marketing to medical professionals in other parts of the United States.
- The gradual ramp-up rate for GeneF<sub>x</sub> Lung, combined with the need for MBI to repay 50% of the advances made by PTI over the last three years, make it unlikely that MBI will receive any net royalties until the latter part of 2016. This confirms the conclusions summarized in the news releases issued by the Directors for Change prior to the AGM. In the August 15<sup>th</sup> News Release reference was made to the need to support the ongoing operation of MBI until December 2016.
- There are not, and never were, any rational grounds for MBI to consider invoking the arbitration clause in the Marketing Agreement with PTI. MBI did not raise the issue of arbitration with PTI's CEO, and the first hint that it was a topic of discussion by MBI's management was the reference made in a MBI management NR dated August 15<sup>th</sup>, 2014. PTI were surprised, and it was considered as "posturing for the media".
- The rumours about the imminent release by PTI of a second GeneF<sub>x</sub> type product refer not to GeneF<sub>x</sub> Lung, but to a totally unrelated product. It is not clear how or when this misinformation gained currency among MBI shareholders, but the approval and commercialization timelines summarized by PTI on September 17<sup>th</sup> make it very clear that informed individuals within the MBI management team should have had few, if any, grounds for suggesting that GeneF<sub>x</sub> Lung would be commercialized prior to the end of 2014.
- PTI does not own shares in MBI. They feel that this would place them in a conflict position. In addition, their capital expenditures are focused upon achieving commercialization for all their products in a timely manner.

The conference call between PTI and MBI was extremely useful, and it clarified a number of points which are discussed in the Power point shown on the MBI website. These will have an impact on the approval and subsequent commercialization of the GeneF<sub>x</sub> Lung technology by various regulatory bodies as well as insurance providers. There will be a follow-up meeting with PTI in Pittsburgh before Christmas, and it is anticipated that further information of significance to the shareholders of MBI will be made available after this meeting.

### **Other Matters**

The Board intends to appoint a fifth director. The appointee will be a shareholder of the Company who is unrelated to management.

Dr. Weir-Jones said: "The new Board is pleased to have been elected to manage the Company. We take this responsibility seriously and will make every effort to justify this expression of confidence in our agenda and our collective abilities, for the benefit of all shareholders. We will abide by all of the pledges we made in the course of the proxy battle."

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*value, future operations and plans, the completion and use of proceeds from transactions or financings and the prospects for negotiating partnerships or collaborations and their timing. This forward-looking information is only a prediction based upon MBI's current expectations, and actual events or results may differ materially. MBI may not actually achieve the plans, intentions or expectations disclosed in its forward-looking information. Forward-looking information is subject to known and unknown risks and uncertainties and is based upon uncertain assumptions that could cause MBI's actual results and the timing of events to differ materially from those anticipated in such forward-looking information. You are cautioned not to place undue reliance on this forward-looking information, which speak only as of the date of this press release. MBI's forward-looking information does not reflect the potential impact of any future partnerships, collaborations, acquisitions, mergers, dispositions, joint ventures or investments that MBI may make. All forward-looking information herein is qualified in its entirety by this cautionary statement and MBI undertakes no obligation to revise or update any such forward-looking information as a result of new information, future events or otherwise after the date of this press release, other than as required by applicable law. Certain information included in this press release in respect of Precision and its scientific, clinical and/ or commercialization efforts and expectations have been provided to MBI by Precision. MBI may not have been able to confirm the accuracy of such information and you should not place undue reliance on any such information, including any information regarding Precision that may constitute forward-looking information. A redacted copy of the commercialization agreement between MBI and Precision may be found at [www.sedar.com](http://www.sedar.com). Each trademark, trade name or service mark of any entity appearing in this press release belongs to its holder.*