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News Release

MICROBIX REVENUE GROWS 7% IN SECOND QUARTER

Company Provides Corporate Updates

TORONTO, May 16, 2016 - Microbix Biosystems Inc. (TSX: MBX), an innovator of biological products and technologies, today reported financial results for its second quarter ending March 31, 2016.

Second Quarter Financial Results

Total revenue was $2,729,779 in the second quarter compared to $2,544,900 in the second quarter last year, or an increase of 7%. The Company recorded its strongest quarterly revenue result for Virology products in three years, on higher sales and, to a lesser extent, the net positive impact of foreign currency fluctuations. Operating income in the second quarter was $161,979 compared to an operating income of $86,335 in the second quarter of 2015. The increased operating income resulted from higher sales and lower legal expenses related to intellectual property and litigation.

Cash used in operations was $6,816 in the second quarter compared to $344,386 generated by operations in the same period last year, primarily due to an increase in trade payables compared to the prior year. Cash generated from financing activities was $297,890 in the second quarter compared to $2,002,015 last year, the latter resulting from the exercise of common share warrants and options. Cash used in investing activities was $363,683 in the second quarter compared to $2,020,895 in the same period last year, primarily due to development of the LumiSort prototype in the prior year. As a result, net cash flow was $58,977 negative in the second quarter compared to $325,506 positive in the second quarter of last year.

Six-Month Financial Results

Microbix reported total revenue of $3,793,184 in the first six months of 2016 compared to $4,540,733 for the same period in 2015, or a decrease of 16%. This decline was attributable to lower than normal revenue of $1,063,405 in the first quarter of 2016, which resulted from abnormally lower demand from a large customer. This customer returned to a normal purchasing schedule in the second quarter. The weak first quarter sales contributed to an operating loss for the first six months of $266,441 compared to an operating income of $176,888 in the first six months of 2015. The six-month operating loss was mitigated by significantly lower legal expenses in the period.

Cash used in operations in the first six months was $24,882 compared to $539,591 generated from operations in the first six months of 2015. This change was caused by a reduction in trade payables for the period compared to a significant increase in 2015. Cash generated from financing activities in the first six months was $968,625, due to a loan of $624,254 and proceeds from a private placement of $531,674, compared to $3,211,153 generated in the same period last year, mainly from the proceeds of exercised common share warrants and options. Cash used in investing activities was $1,040,467 for completion of the bioreactor project, compared to $3,181,201 in the second quarter of fiscal 2015. This decrease was primarily due to the completion of the LumiSort prototype in the prior year. Net cash flow in the first six months was $96,724 negative compared to $569,543 positive in the same period last year.

Vaughn C. Embro-Pantalony, Chief Executive Officer commented, “I am very pleased with the strong recovery of Virology product revenues in the second quarter. We also experienced continued savings in operating expenses during the quarter for a total reduction of 17% after six months, a direct result of settling litigation last year.” He commented further, “We expect continued strong performance in the next two quarters based on indicated customer demand, supporting our earlier projection of record sales for the current fiscal year. Sales in the second quarter are in line with this full-year expectation.”

Financial Highlights

		3 Months Ended March 31		6 Months Ended March 31	
		2016	2015	2016	2015
Revenue	$	2,729,779	2,544,900	3,793,184	4,540,733
Operating income	$	161,979	86,335	(266,441)	176,888
Net income	$	175,944	126,773	(162,476)	128,713
Net income per shai	$	0.002	0.002	(0.002)	0.002
Cash flow	$	(58,977)	325,506	(96,724)	569,543

Corporate Update

LumiSort™

Microbix also confirmed that discussions continue with global animal genetics companies to secure a partnership to complete the LumiSort development program.

Mr. Embro-Pantalony commented, "We continue to manage through various complexities that have extended the timeline for completion of a partnership agreement beyond our original expectations. Despite these delays we believe we are making progress towards a conclusion that will ultimately be beneficial for Microbix shareholders."

Kinlytic®

The Company reports discussions are progressing with third parties interested in making a funding commitment to re-launch Kinlytic in the U.S., Canada and international markets.

Mr. Embro-Pantalony commented, "An in-depth evaluation of the Kinlytic opportunity by potential investors is being completed. The objective is to have committed funding to re-commercialize Kinlytic®, through a combination of investors, licensees and government agencies to return this approved thrombolytic drug to market."

Other Business

Andrew C. Pollock has resigned as a Director of the Company, a position he served for ten years. William J. Gastle, Executive Chairman, commented, "Andrew has been a significant contributor to Microbix since the inception of the Company and the Board would like to recognize his dedication and wise counsel over the years, including serving as Lead Director, and as a member of the Audit and Compensation Committees."

Andrew has recently been appointed Vice-President Marketing at Weight Watchers Canada. Over the last three decades, Andrew has held senior management positions at H.J. Heinz, Campbell Soup Company, Canada Bread Company, Maple Leaf Foods and others.

About Microbix Biosystems

Microbix Biosystems Inc. specializes in the research and development of biological solutions. This includes products for human health applications in the vaccine, therapeutic and diagnostic markets and a product for the worldwide animal reproduction market. In its revenue generating business, the Company manufactures and distributes a wide range of infectious disease antigens to a worldwide customer base. The Company's pipeline of innovative technologies and products includes LumiSort semen sexing technology for the livestock industries, Kinlytic, a thrombolytic drug with several approved and potential applications including the treatment of life-threatening blood clots, and VIRUSMAX, a proprietary technology for increasing virus yields in the manufacture of influenza vaccine. Established in 1988, Microbix is a publicly traded company, listed on the Toronto Stock Exchange, and headquartered in Mississauga, Ontario.

Forward-Looking Information

This news release includes "forward-looking information," as such term is defined in applicable securities laws. Forward-looking information includes, without limitation, the risks associated with its revenue business, development projects, operations in foreign jurisdictions, engineering and construction generally, production (including control over costs, quality, quantity and timeliness of delivery of products), foreign currency and exchange rates, maintaining adequate working capital and raising further capital on acceptable terms or at all, and other similar statements concerning anticipated future events, conditions or results that are not historical facts. These statements reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the date of this news release and represent the Company's judgement as of the date of this new release, and the Company is under no obligation to update or alter any forward-looking information.

Please visit www.sedar.com for recent Microbix Biosystems Inc. filings.

For further information, please visit www.microbix.com or contact:

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