SQI DIAGNOSTICS INC.

ANNUAL INFORMATION FORM

December 5, 2016

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The following is an index of the Annual Information Form ("AIF") of SQI Diagnostics Inc. ("SQI") Certain parts of this AIF are contained in SQI Diagnostics' Management's Discussion and Analysis ("MD&A") for the fiscal year ended September 30, 2016.

SQI DIAGNOSTICS INC.

ANNUAL INFORMATION FORM

In this annual information form ("**Annual Information Form**"), unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and the statistical and financial data are presented as at December 5, 2016

FORWARD-LOOKING STATEMENTS

This Annual Information Form, including the documents incorporated by reference into this Annual Information Form, contains forward-looking statements. These statements relate to future events or future performance and reflect our expectations and assumptions regarding our growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "our goal", "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this Annual Information Form, including any documents incorporated by reference into this Annual Information Form, include, among others, statements regarding our future operating results, economic performance and product development efforts, and statements in respect of:

- *our requirement for, and our ability to obtain future funding;*
- *our expected future losses and accumulated deficit levels;*
- *technological advances of competitive products and general market competition;*
- *our expectations regarding the acceptance of our products by the market;*
- *our expectations regarding the progress and the successful and timely completion of the various stages of the regulatory clearance process for our products;*
- *our strategy to develop new products and to enhance the capabilities of existing products;*
- *our strategy with respect to research and development;*
- *our dependence on expanding our customer base;*
- *our plans to market, sell and distribute our products in Canada and the United States;*
- *our ability to obtain a sufficient supply of the components needed for our products;*
- *our plans to retain and recruit personnel;*
- *our plans to correct defects or errors in our systems; and*
- *our strategy with respect to the protection of our intellectual property;*

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- *the extent of our future losses;*

- *our ability to obtain the capital required to fund development and operations;*
- *development or commercialization of similar products by our competitors;*
- *our ability to develop and market our products;*
- *our ability to comply with applicable governmental and securities regulations and standards;*
- *our ability to develop and commercialize our technologies;*
- *delays or failures in our ability to develop and implement new diagnostic products;*
- *our ability to expand our customer base;*
- *loss of suppliers or increases to the cost of the components of our systems;*
- *the impact of legislative changes to the healthcare system and regulatory process;*
- *our ability to attract and retain skilled and experienced personnel;*
- *damage to our manufacturing facility or its failure to accommodate future sales growth;*
- *the impact of unknown defects or errors and product liability claims;*
- *foreign currency fluctuations;*
- *our ability to obtain patent protection and protect our intellectual property rights and not infringe on the intellectual property rights of others;*
- *the expense and potential harm to our business of intellectual property litigation;*
- *stock market volatility;*
- *the fact that further equity financing may substantially dilute the interests of our shareholders; and*
- *other risks detailed from time-to-time in our ongoing quarterly filings, annual information forms, annual reports and annual filings with applicable securities regulators, and those which are discussed under the heading "Risk Factors".*

Although the forward-looking statements contained in this Annual Information Form and in the documents incorporated by reference are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this Annual Information Form.

Forward-looking statements made in a document incorporated by reference into this Annual Information Form are made as of the date of the original document and have not been updated by us except as expressly provided for in this Annual Information Form. Except as required under applicable securities legislation, we undertake no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE STRUCTURE

The principal and registered office of SQI Diagnostics Inc. ("**SQI**" or the "**Company**" and, in this Annual Information Form, "we", "us" and "our" refer to the Company unless the context otherwise requires) is located at 36 Meteor Drive, Toronto, ON M9W 1A4. SQI Diagnostics Inc. has a single subsidiary, SQI Diagnostics Systems Inc. ("**SQIDS**"), which is wholly-owned.

Emblem Capital Inc., the predecessor to SQI, was incorporated on September 11, 2003 pursuant to the *Canada Business Corporation Act* (the "**CBCA**") and on April 20, 2007 filed articles of amendment to change its name to "SQI Diagnostics Inc."

On April 20, 2007, an amalgamation between Umedik Inc. and 670194 Canada Inc., a wholly-owned subsidiary of Emblem Capital Inc., was completed. The amalgamated company changed its name to "SQI Diagnostics Systems Inc." on September 7, 2007.

The predecessor to Umedik Inc. was formed on April 19, 1999 pursuant to the *Business Corporations Act* (Ontario) under the corporate name of Pockit Corporation. Pockit Corporation filed articles of amendment on June 9, 1999 to change its name to Poc●Kit Corporation. Poc●Kit Corporation was continued under the CBCA on December 1, 1999 under the name of e-umedik Inc. and e-umedik Inc. filed articles of amendment on October 20, 2000 to change its name to Umedik Inc. 6701914 Canada Inc. was incorporated on January 12, 2007 pursuant to the CBCA.

GENERAL DEVELOPMENT OF THE BUSINESS

SQI Diagnostics Inc. was founded in 1999 to capitalize on two emerging opportunities: first, the large and growing number of blood tests performed to diagnose the state of a patient's disease; and second, the belief that reducing both the effort and associated costs of these tests would create a profitable business that, in turn, would significantly benefit the life sciences industry.

Today, both of these value-propositions are coming true as the business transforms from what has been largely a research and development organization into what will be primarily a manufacturing and marketing organization.

SQI provides best-in-class platforms which use customized consumable kits to reduce the time and cost required for testing while ensuring those tests are of the highest quality. We achieve this through "multiplexing" which allows our clients to get many results from a single test.

We are building custom tests for customers in the drug development market that deliver as many as 30 unique results from a single SQI test. In other words, we entirely remove the work our customers would have needed to perform, validate and run 30 different tests. Our technology also allows us to take the test content of others and apply our multiplexing and automation technology. In the past two years, we have worked with one of our diagnostic customers to manufacture and automate their 80-plex test.

SQI's growth from an R&D company into a revenue-generating, commercial enterprise is shown in its results. In fiscal 2016 we generated revenue of $1,421,000 as compared to $443,000 in 2015.

2015 revenues were generated mainly from development and validation services as opposed to revenues from platform and consumable kit sales. In fiscal 2016, however, we generated revenue from the sale of testing platforms and from the sale of recurring consumables to customers. The sale of these platforms is significant in that they establish the foundation for the ongoing sale of SQI's range of consumable products which is the main source of revenue growth for the business. We expect to continue to deliver on our business model of placing and selling platforms and earning recurring revenues for the sale of consumable kits into the future.

Background

Until 1999, there was little published research on the use of microarrays for antigen, protein and antibody detection for human *in-vitro* diagnostics ("**IVD**") applications. Our founders believed the problem stemmed from the following scientific challenges:

- Microarray surface coatings and printing technology were not sufficiently advanced to enable antigen, protein and antibody microarrays to be reliably printed with diagnostic grade signal;
- Users could not reliably or consistently measure multiple biomarkers (specifically, antigens, proteins and antibodies and antibody sub-types) in the same test; and
- High levels of variability in microarray ELISA tests were leading to inaccurate or less predictable outcomes.

We believe that we have solved these historic multiplexing issues with our technology platform that is protected by 13 patents in over 12 countries. The best test of the strength of our technology is the perspective of our customers. From 2015 through 2016 there have been six significant presentations made by global pharmaceutical companies at industry events – every one of them spoke to the high quality of our data, the precision of our test kits and the power of our multiplexing technology platform.

Today, our multiplexing products provide the best in industry performance, ability to detect and measure very large panels of targets and fully automated systems to run our tests.

Three Year History

The list below describes the development of the Company's business over the last three fiscal years. SQI has developed various commercial relationships and the names of certain customers and potential customers referred to below have been omitted owing to confidentiality agreements.

Bristol-Myers Squibb highlighted very favourable performance data comparing a custom built immunogenicity assay for a target drug, on four different species, using SQI's Ig_Plex technology in a presentation and poster presented at the Bioassays and Bioanalytical Method Development Conference in Berkeley, CA.	October 2013
The Company announced that it entered into an evaluation agreement with Ionis Pharmaceuticals (previously Isis Pharmaceuticals) to develop a multiplexed anti-drug antibody assay utilizing SQI's Ig_plex multiplexing immunogenicity technology. Under the terms of the agreement, SQI's Diagnostics Tools and Services group would create a commercial, multiplex anti-drug-antibody for one of Ionis Pharamceutical's 34 anti-sense drugs under development.	October 2013
In October 2013 the Company entered into a Master Services Agreement with Global Pharma 3 enabling it to negotiate multiple Individual Project Agreements. On December 18, 2013 the Company entered into a commercial agreement to develop a customized 6-plex anti-drug antibody, multiplexed test for Global Pharma 3, and to validate this custom test.	October 2013 and December 2013
The Company completed a non-brokered private placement 2,965,000 units for gross proceeds of $1.483 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder acquire one common share at a price of $0.65 until January 26, 2016. These warrants were subsequently extended to January 26, 2017. See "Market for Securities."	January 2014

The Company received a license from Health Canada permitting the Company to market its multiplexed Ig_plex Celiac DGP panel.	February 2014
The Company announced that it expanded its previously announced product development with a global pharmaceutical company (Global Pharma 1) to develop a custom multiplexed test to support the pharmaceutical company's clinical drug development activities, through the entering into of a revenue generating agreement with Global Pharma 1 to develop a 21-plex protein microarray.	March 2014
In April the Company completed a $4.2 million public offering. The Company issued 8,400,000 units of the Company at a price of $0.50 per Unit. Each Unit is comprised of one common share and one common share purchase warrant. Each warrant exercisable at a price of $0.65 and entitles the holder thereof to acquire one common share until April 10, 2016. These warrants were subsequently extended to April 10, 2019 subject to certain accelerate expiry conditions.	April 2014
The Company announced it had been contracted by one of the 10 largest pharmaceutical companies in the world (previously referred to as Global Pharma 3) to develop and validate two custom multiplexed anti-drug antibody ("ADA") assays.	May 2014
The Company announced that is had been contracted by a UK-based company to automate their DNA-based pathogen detection assay. Under the first phase of the agreement the Company was paid to deliver an automated working prototype of one of the customer's assays on SQI's sqid**lite**™ system.	August 2014
The Company announced that its common shares were approved for trading in the United States on the OTCQX marketplace.	September 2014
The Company announced that it received FDA clearance to market its quantitative Ig_plex Celiac DGP panel in the United States.	November 2014
The Company announced that it expanded its existing commercial relationship with one of the world's largest pharmaceutical companies (previously referred to as Global Pharma 1). This final step in commercializing the Company's Ig_plex™ platform could lead to significant on-going revenue opportunities as the customer continues further development of its drug.	November 2014
The Company announced that it advanced its existing commercial relationship with a UK-based customer; the contract involves the technology transfer enabling the Company to manufacture a 19-plex infectious disease, DNA-based test in its state-of-the-art manufacturing facility in Toronto.	December 2014
The Company completed a non-brokered private placement of secured debentures for gross proceeds of $3.2 million. The Debentures bear interest at a rate of 10% per annum on the principal amount outstanding and are repayable 60 months from the date issued. The Debentures are secured by a general security agreement over all the present and future assets of the Company including intangibles. The Company also issued 3,236,000 common share purchase warrants. Each Warrant will entitle the holder to purchase one common share of the Corporation at a price of $0.60 and is exercisable at any time up to 60 months after the date of issue.	February 2015
The Company appointed Lennie Ryer CPA, CA, CFE as Chief Financial Officer to join its Management team.	March 2015
The Company announced four new Directors Clive J. Beddoe, Gerald R. Connor, Wilmot L. Matthews and Cameron R. Prange. Previous directors Andrew Morris, Eric Schneider	April 2015

and Claude Ricks were also reappointed as directors of the Company for the ensuing year.	
The Company immunogenicity testing technology was highlighted by Bristol-Myers Squibb ("BMS") in both a presentation and a case study at the 9th Workshop on Recent Issues in Bioanalysis in Miami, in April 2015. The presentation titled "Application of SQI Multiplex Platform in Immunogenicity Testing – Epitope Mapping and Isotyping." was given by Renuka Pillutla, PhD, Director, Bioanalytical Sciences – Biologics for Bristol-Myers Squibb.	April 2015
The Company executed an evaluation agreement to install the fully automated sqid**lite** system at one of its customer's US-based facilities. Under the terms of the agreement the equipment was used to validate the performance of a 21-plex test developed for this customer to run on SQI's sqid**lite** system. Successful, final evaluation is expected to result in the purchase of the sqid**lite** system and the on-going sales of initial products for use in the customer's clinical programs. As detailed below, the Company executed a subsequent multi-year, multi-product development agreement with this customer.	April 2015
The Company completed a non-brokered private placement of 5,330,000 units for gross proceeds of approximately $2.7 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder acquire one common share at a price of $0.65 until July 16, 2018. See "Market for Securities."	July 2015
The Company executed a product development agreement with a global pharmaceutical company(previously referred to as Global Pharma 1) that formalizes the terms of multiple drug initiatives over the next three years. The new 3-year agreement will see SQI technology used in 5 new drugs currently in development by the pharmaceutical company, as well as finished multiplexed assays for its existing portfolio.	October 2015
The Company completed a non-brokered private placement 7,630,945 units for gross proceeds of approximately $3.1 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder acquire one common share at a price of $0.52 until December, 2018. See "Market for Securities."	December 2015
The Company appointed Patricia Lie CPA, CA, as Vice President Finance and Administration replacing Lennie Ryer who left the Company effective February 15, 2016	February 2016
The Company sold a sqid**lite** – dh system to a major diagnostics customer. The system will be used to run test kits to detect infections in human blood.	March 2016
On April 19, 2016, Allergan presented the Company's immunogenicity testing technology at the 10th Workshop on Recent Issues in Bioanalysis in Orlando, Florida ("10th WRIB"). The presentation provided comparison of SQI tests to traditional bridging assays using a competitor's technology. The presentation provided data emphasizing SQI's improved drug tolerance, sensitivity, the ability to run all targets in one test and how to use the technology to profile for safety and efficacy of therapeutics.	April 2016
The Company announced on July 14, 2016 that it will be offering rights to its common shareholders of record on July 21, 2016 (the "Record Date"), on the basis of one Right for each six (6) Common Shares held . Each Right will entitle the holder thereof to subscribe for one Common Share upon payment of the subscription price of $0.27 per Common Share until 4:00 p.m. (Toronto time) on August 16, 2016.	July 2016
The Company sold a sqid**lite** system to a global pharmaceutical customer.	August 2016

On August 19, 2016 the Company announced that it successfully closed rights offering, raising total gross proceeds of approximately $3,121,000. The Company issued an aggregate of 11,557,833 common shares of the Company ("Common Shares") at a subscription price of $0.27 per Common Share, representing 4,925,137 Common Shares issued pursuant to the basic subscription privilege, 5,000 Common Shares issued pursuant to the additional subscription privilege and 6,627,696 Common Shares issued to certain insiders pursuant to the stand-by purchase agreement.	August 2016
The Company announced that it has sold its second sqid**lite**-DH system in its diagnostic business segment. Management believes that sale of the second system to a single customer marks an important milestone in the commercialization of its customer's multiplexed DNA test for infections in human blood in the US market.	September 2016

DESCRIPTION OF THE BUSINESS

This section incorporates by reference the Overview and Outlook as discussed in our Management's Discussion and Analysis for the year ended September 30, 2016 on pages 3-9:

The Market for Our Products

The Company is primarily targeting the testing undertaken in support of drug development within the biologic drugs market. The use of biologic drugs - proteins that are engineered in the laboratory for pharmaceutical use – has increased significantly since the introduction of the first recombinant protein therapeutic--human insulin--25 years ago. Today, there are an estimated 5,000 biologic drugs undergoing extensive development in North America. The annual market for custom and routine high-volume assays used during clinical drug development is estimated to be over $11 billion in the US and EU alone. In this market, our services and products are used to test responses to and aspect of the safety of novel and biosimilar drugs. Our tests allow pharmaceutical companies to condense a large number of tests into a single SQI test, using the same technology as we have developed for the regulated IVD market.

Another of the Company's markets is the diagnostic products and services market which is increasing in importance, complexity, breadth and size. Diagnostics test are critical to high-quality healthcare and guide a majority of all clinical decisions.

Over the last 40 years, the number of biomarkers that can be measured by commercial laboratories has grown dramatically, with less than 4,000 different types of biomarkers measured in the 1970s, more than doubling to 10,000 with automation in the 1980s, and increasing to 25,000 in the early 2000s.

Since 1976, the number of biomarkers measured by assays cleared through the FDA's 510(K) process to aid in the diagnosis of the six autoimmune diseases that comprise our target market has increased from 4 to 84. This represents a quantum increase: the average number of biomarkers per disease state in our autoimmune disease target market has risen from 0.7 to 8. This increase in biomarkers is indicative of a healthcare trend where healthcare providers are running diagnostic tests for ever-larger numbers of biomarkers to assist in the diagnosis of disease.

As a result of this rapid rise, researchers and laboratories are accelerating the rate at which new biomarkers are being commercialized for the known set of diseases being diagnosed today. The use of biomarkers is emphasized in the FDA's Critical Path Opportunities List for their potential to increase the pace of development and approval of medical products[1]. We believe that the increased use of existing assays and the introduction of new assays will drive growth of the diagnostics testing market. The annual growth of this market was estimated to be 8% annually between 2010 and 2015.

The company believes that its technology is well-suited to a large part of the $4.5 billion market for regulatory cleared In-Vitro Diagnostic assays for disease diagnosis and monitoring. 65% of this market is in the US and EU[2].

In August of 2014 the FDA published guidance on immunogenicity testing[3]. All pharmaceutical companies developing protein therapeutics are required to undertake this testing as part of their drug development

1 FDA Critical Path Opportunities List 2006 http://www.fda.gov/on/initiatives/critical path/reports/opp_list.pdf

2 USD, Freedonia IVD Market Demand, 2011

3 U.S Department of Health and Human Services Food and Drug Administration, Guidance for Immunogenicity Assessment for Therapeutic Protein Products, February 2013

programs[4]. SQI's technology and automated platforms are uniquely positioned to assist pharmaceutical and biotechnology companies comply with this guidance as demonstrated through six public presentations by global pharmaceutical companies. The presentations each demonstrated how SQI's technology was used to detect a broad range of immunogenicity targets in one test with superior performance.

Competitive Environment

Today, all clinical, academic, diagnostic and pharmaceutical laboratories are faced with increasing numbers of tests or experiments required to support a diagnostic conclusion or development decision. In the diagnostic setting, there are a growing number of biomarkers used for each patient to aid in the diagnosis and monitoring of many diseases. This has led to a growing workload of increasingly complex and costly diagnostic tests. Additionally, laboratories face pressure to reduce overall healthcare system costs. The table below describes the existing key competitive technologies in our IVD and pharmaceutical markets:

	Traditional ELISA	Genalyte	Meso Scale Discovery	Luminex	SQI Advantage
Format	Traditional ELISA sandwich on plastic: chemi/fluor/color	An array of Microring Sensors constructed from silicon photonics technology	Biotin/streptavadin capture sandwich spots on carbon: electrochemiluminescence	Capture sandwich spots on beads; fluorescence	Covalent capture assay sandwich spots on activated glass; fluorescence
Multiplex capability	X None	√	- By capture protein only	- By capture protein only	√ By capture proteins, isotypes, and subclass
Relative reproducibility (CV%)	**Benchmark**	X Worse	X Worse	X Worse	√ Equivalent or better
# of discrete replicate tests	X	128 (per consumable)	X	X None (too many; increases crosstalk)	√ +30 per well (3,000 per consumable)
Biomarkers per well	X One	One	√ Up to 10	√ Up to 100 (Qualitative)	√ Up to 30 (Quantitative)
In-well QC controls	X None	X None	X None	X None	√ Flexible and configurable to customer requirements
# of tests to validate	X For each biomarker	unknown	- One per isotype or subclass	- One per isotype or subclass	√ One
Relative cost per result	$	unknown	$$$$	$$$	$

Our target customers –clinical, academic, diagnostic and pharmaceutical laboratories – require diagnostic processing equipment and consumable tests that are capable of processing large numbers of patient samples at low cost and with minimal labour requirements. Our fully-automated system is capable of providing multiple biomarker measurements in a single test array. In addition, it has the potential to increase a laboratory's throughput with significantly less labour, consumables, and other costs. We believe these cost savings would be realized because, among other things:

- our fully-automated system reduces "hands-on" technician time;

4 Kirshner S. Guidance for Industry Assay Development for Immunogenicity Testing of Therapeutic Proteins. FDA 2009

- the volume of liquid reagent is less and the number of other consumables, such as pipette tips, required to process one microarray is fewer compared to traditional methods of running multiple tests in multiple titer plates;
- the amount of serum required per patient to produce results on a 12 biomarker test is 240 times less using the Company's microarray plates than titer plates used by some of our competitors;
- the cost of managing multiple samples being tested by multiple technicians and combining the results to a single report would be largely eliminated by multiplexing capability; and
- reducing the number of hands-on steps through automation will reduce error rates.

Microtiter Plates

Laboratories almost exclusively use flat multiwell plates or microtiter plates to perform immunoassay tests. The use of microtiter plates restricts an immunoassay test to the analysis of a single biomarker. Microtiter plates are predominantly processed with a large amount of direct labour. This increases the time to produce a test result and the potential for error. Since equipment available to reduce labour is limited, the use of microtiter plates restricts the throughput of an entire laboratory. We estimate that 60% of our target customers' costs to produce a diagnostic result are due to direct labour.

Laboratory staff capable of performing diagnostic testing in our target markets is limited and is expected to contribute to the growing cost structure of labs at an increasing rate. We expect that this shortage of qualified laboratory professionals and the rising direct labour costs will makes our value proposition attractive to large pharmaceutical companies and laboratories. It will also encourage the adoption of our technologies since they can reduce direct labour demands and reduce overall costs.

Multiplex Diagnostic Tests

A solution to the cost and labour constraints of immunoassay testing for single biomarkers is to perform diagnostic tests for multiple biomarkers simultaneously in a single assay (a "multiplex diagnostic test"). The processes used to complete a single test within a diagnostic panel of several biomarkers are complex and technically difficult. Such complexity has limited the throughput and efficiency of multiplex diagnostic testing, and technical challenges have restricted the widespread adoption of automated systems. Most laboratories in our key target markets do not currently use automated diagnostic processing equipment within their workforce. Our automated platforms and multiplexed tests address these issues faced by large laboratories.

Bead-Based Array Systems

Bead-based array systems were initially developed for DNA-based testing and were subsequently adapted for protein-based and antibody-based testing. Bead-based methods, however, have faced limitations that reduce their utility, particularly for multiplex diagnostics and experimentation. In particular, the workflow for bead arrays is complex, time consuming and costly. For example, standard protocols for a nine-biomarker bead array require multiple complex operations including approximately 190 steps and approximately five hours of "hands-on" time to complete.

Automated Systems

While laboratories use automated systems for many types of blood tests, to our knowledge, there are no fully-automated high-throughput microarray systems. A number of diagnostics companies have developed single-plex fully-automated, bench-top systems for autoimmune testing and we are only aware of one bead-based

automated multiplex system. Our systems provide fully automated, high-throughput platforms combined with multiplexed tests.

Antigen, Protein and Antibody Microarrays and Their Technical Challenges

An alternate to bead-based array systems is a microarray printed on a two dimensional substrate. These antigen, protein and antibody microarrays solve several limitations of bead-based systems such as interactions between beads, but are challenging to develop as we believe there are several technological obstacles, including:

- precision and accuracy of printing;
- cross interference of similar molecules in the system;
- calibration and standardization of multiple separate molecular signals in a single microarray well; and
- complex software systems required to measure and analyze the multiple signals measured within the microarray.

Precision and Accuracy of Printing

Microarray printing has been traditionally done with contact printers that, like a quill pen, physically "spot" the biomarker capture molecules onto the microarray surface. These contact methods of printing are imprecise and lead to microarrays with high degrees of variability and significant background noise. This reduces the commercial applications of contact spotted microarrays. Older, contact spotting does not typically lead to test products in antigen, protein and antibody applications with the performance to achieve marketing clearance from the FDA. Some earlier versions of non-contact printers are also used today, but these technologies have similar drawbacks to contact spot printers.

Cross Interference

The ability to discriminate among different types of individual target antibodies and different antigens and proteins is important to the measurement of biomarkers and critical in adhering to FDA immunogenicity guidance. It has proven challenging to develop multiplex tests that discriminate between these different entities in a single microarray. SQI has achieved this capability; discrimination of multiple isotypes of a single antibody in a single test.

The processing of multiplex arrays is complex and is prone to high degrees of variation between test arrays. This error potentially leads to reduced test performance and has restricted the use of multiplex arrays almost exclusively to the research market where there is a tolerance for less accurate measurements. SQI has achieved marketing clearance from the FDA for several multiplexed tests. SQI uses this same technology for the research use only tests it develops for and sells into the pharmaceutical market.

Software Systems

The sophistication of the automated systems and processing software required to analyze microarrays has restricted the commercial viability of microarrays in diagnostic laboratories.

Our Solution

Our proprietary microarray tests and automated instruments are designed to simplify antigen, protein and antibody testing workflow, increase throughput, reduce costs and provide excellent data quality. In many instances, our technology enables analysis that was previously unavailable owing to the high cost of running many tests. A current example of a 30 plex test would have, until SQI's multiplexing technology, likely proven economically impractical to run as 30 single tests (SQI: Application of SQI Multiplex Platform in immunogenicity Testing - Epitope Mapping and Isotyping," WRIB April 2015, by Renuka Pillutla, **Bristol-Myers Squibb)**.

Traditional biomarker testing methods using microtiter plates requires approximately four minutes on average of technician "hands-on" time per biomarker result per patient ("test effort"). For example, a six biomarker test on samples from 96 patients would, on average, require 12 microtiter plates, assuming each patient's blood sample is tested in duplicate using standard good laboratory practices. This would have traditionally required approximately 30 hours of direct "hands-on" labour using predicate technology. The same number of test results produced using SQI's multiplexing technologies would consume less than 30 minutes of hands-on labour and would use one SQI kit run on our automated system.

SQI has developed the first and only technology that enables simultaneous multiplexing of proteins, antibody subclasses, and isotypes in one test well.

- SQI holds a patent pending position and enabling technologies in microarray printing, assay design, and methods to multiplex at three levels: (1) at the level of a therapeutic proteins (drug) important to original drug and vaccine developers and to generic biosimilar developers; (2) at the level of the isotypes; and (3) subclasses of the antibodies to these drugs;
- Fully automated instrumentation with flexible architecture enabling all immunogenicity tests to be completed in one workflow;
- Software to accelerate development of multiplexed assays; and,
- Management believes that all platform technology is compliant with emerging immunogenicity guidelines published by EMEA and FDA

SQI's earlier technical accomplishments that resulted in FDA approved technology have been leveraged into many new applications. This resulted in the emergence of three new areas of focus for the Company.

1. Testing for the drug development industry
2. Animal health testing
3. Human disease testing/DNA diagnostic testing

1. Drug Development Testing

SQI provides technology and equipment for blood testing in clinical trials and pre-clinical research for these companies in developing novel drugs. Tests created for our customers in this segment generally have lower regulatory requirements than in our Human Diagnostics Testing segment. In 2014 the market for global bio/pharmaceutical R&D spending totalled over $USD125 billion. That same year the industry spent $USD21.4 billion on new plants and equipment. While this is a very large figure, Big Pharma spending on safety testing including biomarker and immunogenicity testing represents just 4 per cent of their R&D costs. Newly launched by us in 2016 is the xPlex product that includes kits and software that will allow our pharmaceutical customers to develop multiplexed tests using their in-development drugs and our kits to automate these tests on our platforms. Up to this point SQI has been paid to undertake development projects to built custom tests for our customers to use in the evaluation of their in-development drugs. This flexible

consumable product gives our customers control over the development process, their proprietary drug compounds and development timelines as they are able to develop their test in-house on SQI's xPlex consumables.

2. Animal Health Diagnostic Testing

We have recently applied our multiplexing technology to diagnostic tests used for customers in the animal health segment. This includes companion and production animal tests for infectious diseases, food safety and other routine immunology tests. Tests in this market generally have lower regulatory requirements than human testing and are generally performed in very high volumes creating an additional large market for SQI's technology. We continue to focus on markets where multiple tests are currently being run at the same time and in applications where test volumes are large enough to benefit from our automated multiplex systems. The animal health sector is certainly one of these: our existing client in this sector performs over a million test panels a year that are not fully automated for the tests we are working on.

3. Human Diagnostic Testing/DNA Diagnostic Testing
This market is made up of diagnostic tests for humans developed for our strategic customers.

It includes two groups: DNA-based tests for infectious disease; and tests developed by SQI for testing that has been cleared by the FDA for in vitro diagnostic ("IVD") immunology tests performed in reference laboratories for diagnosing and monitoring autoimmune diseases.

In this market segment we include customers who have multiple human diagnostic test panels that they currently sell as single tests and who would benefit from increased speed and efficiency as well as lower overall cost achieved by SQI multiplexing these tests.

Our Platforms

The company offers three different platforms sqid**lite**, sqid x and the siqdworks to run and analyze our microarray plates.

Our high-throughput sqid**lite** diagnostic platform is a fully-automated microarray processing and analytical system currently capable of over 1,000 results per hour. The difference between the approximately 30 hours of direct hands-on labour using microtiter plate technology and the approximately 30 minutes of direct hands-on labour using our system results in significant cost savings, as does using one microarray kit rather than 12 microtiter kits.

Additionally, the projected cost savings illustrated above, increase as the number of biomarkers per diagnostic test increases. For example, for a large pharma test panel that measures 30 biomarkers, our sqid**lite** platform requires the same amount of technician "hands-on" time as a smaller test panels (~30 minutes), and also requires only one microarray kit. However, microtiter plate technology would require approximately 120 minutes of technician "hands-on" time per patient per panel and the use of 60 single biomarker microtiter kits. For a standard set of 96 patients, this equates to a reduction of approximately 190 hours of direct hands-on labour using our system as well as greater savings with respect to consumables.

Our sqid-**X** System is a semi-automated bench-top platform that incorporates all of SQI's technology with the exception of automated fluidics handling and is targeted at earlier stage, lower volume customers and those who intend to complete Custom plex assay development work at their sites. The sqid-**X** system is capable of processing over 200 results per hour and requires 45 minutes of hands on time for one 96 well plate.

Our high-throughput sqidworks diagnostic platform is a fully-automated microarray processing and analytical system ideal for high-volume labs. Sqidworks runs three plates at a time, with just 30 minutes of hands-on time.

Our Ig_plex Microarrays

Our Ig_plex microarrays have the ability to discriminate between individual isotypes of antibodies and antigens and proteins within a single well of a microarray, resulting in the measurement of multiple biomarkers in a single test.

Our microarray technology requires the use of significantly less patient blood than traditional methods. Our system requires a ten microliter drop of blood to be processed from a single sample tube, compared to the multiple milliliters of blood used by traditional methods. Our system dispenses the single drop of blood once per patient in a microarray well. Traditional methods require multiple blood samples to be manipulated into multiple test vessels over many steps. The reduction in processing steps and the ability to generate simultaneous multiplexed measurements from a single drop of blood increases the predictive value of the test. The increased predictive value of the test would allow the healthcare provider to choose a treatment plan earlier in the course of the disease.

Our Ig_plex CHEX Technology

Our Ig_plex CHEX technology provides multiple in-microarray checks to ensure that the test has been completed without system, control, calibration or microarray-related errors. These tests reduce errors that are common to microtiter and microarray tests.

Our proprietary multiplex assay development processes and microarray manufacturing capabilities, combined with our automated instruments, are designed to significantly reduce the complexity and cost to our customers to commercialize microarray tests using their own biomarkers. Customers with a need to perform large numbers of experiments may benefit from the use of our microarrays in their screening and development programs when traditional methods may be too onerous due to the large number of single tests that would be required.

Our Key Competitive Strengths

We believe that our key competitive strengths include the following:

- ***Global Pharma and Diagnostic Customers.*** We have entered into agreements with global pharmaceutical and diagnostic companies. We have sold assay development services, testing services using test kits developed for them. In fiscal 2016 we advanced several of these relationships to the commercial stage and have sold three platforms as well as the sale of commercial kits. This signifies the real beginning of commercialization of our technology in the marketplace.
- ***Only FDA Cleared, Fully-Automated Multiplexed Microarray Processing System***. We have received marketing clearance from the FDA, a Canadian regulatory medical device licence, and have CE marked our sqidworks instrument system. Sqidworks is the only system for automatically processing, analyzing and providing test results in protein-based and antibody-based microarrays to achieve these regulatory clearances.
- ***Fully-Integrated, High-Throughput Solution Dramatically Reduces Workflow and Cost***. Our proprietary multiplexed microarray tests and fully-automated instruments are designed to

significantly simplify antigen, protein and antibody workflow, increase throughput and reduce costs, all while providing excellent data quality.

- ***Expertise in Microarray Assay Development.*** We have clinically validated development experience and have created processes, systems and development algorithms to simplify the commercialization of our products. We believe our expertise will reduce the time required to complete the commercial development of our pipeline products. We also believe that our experience can be applied to Research Use Only ("RUO") products to allow us to commercialize our own and other's content in significantly less time than our competition.
- ***Significant Intellectual Property Portfolio***. Our intellectual property covers key areas of our commercial business in Canada and the United States as well as major jurisdictions within Europe and Asia. Our patents address the significant aspects of our technology including microarray surfaces, multiplexing, microarray analytics, and microarray processing. We have issued patents and pending patent applications that cover aspects of our microarray technology for analyzing, identifying and quantifying analytes. We are actively seeking protection for our methods of achieving high-throughput quantitative analysis for our proprietary methods for making microarray substrates and for the systems that carry out these methods for manufacturing microarray substrates. In the course of improving our products, from time to time we develop processes and systems that provide us with a competitive advantage and the Company will keep such developments confidential.
- ***Focus on Penetrating Existing Markets that Are Technically Challenging and Have Established Reimbursement***. We focus on disease testing markets that have existing reimbursement and payment programs in place. This allows us to quickly bring our products into established markets. Additionally, antigen, protein and antibody multiplex tests are more technically challenging to develop, which may restrict others from easily entering these markets.

Manufacturing

Our manufacturing facility is located in Toronto, Canada. We manufacture all of our microarray kits for commercial sale and internal research and development in our facility.

We operate a "current good manufacturing practices", or "cGMP" facility that has been certified ISO 13485:2003 compliant, which enables us to meet both regulatory requirements and customer expectations. This is an international standard developed by the International Organization for Standardization that specifies the requirements for a quality management system for organizations providing medical devices and related services. Our microarray production facility is operated to ISO Class 7 clean room specifications, commonly referred to as a Class 10,000 operating level, which defines the maximum level of particles permitted per cubic meter. We received our initial ISO 13485 certification in June 2008 and have maintained this certification to date.

Based on our microarray manufacturing forecasts, we believe that there is adequate space in the current location to meet our expected needs. We intend to undertake equipment upgrades to ensure sufficient manufacturing capacity to meet our expected requirements for commercial sales and our internal validation studies that should increase the manufacturing capacity of our current facility beyond 2016.

To manufacture consumable tests, we acquire raw materials and custom molecules for our assays from well-established vendors who are either ISO certified or who have an established quality system. Each incoming reagent ingredient undergoes quality testing and scrutiny as required before being released to the manufacturing unit. The reagent ingredients are then incorporated into finished goods as an Ig_plex kit. Each kit contains the printed diagnostic array and several self-contained wet reagents that are loaded into the SQI

platform prior to use by the customer. While the core technology and know-how reside in our Toronto facility, certain key components of our platforms are manufactured by third parties in FDA or ISO certified facilities. We assemble the components and deliver a final product to our customers, where they undergo a series of quality acceptance tests.

Intellectual Property Strategy and Position

We have issued patents and pending patent applications in Canada and the United States as well as major jurisdictions within Europe and Asia. Our core intellectual property consists of patents that cover the following:

- multiplexed quantification of antigens and antibodies;
- internal (in-array) calibration; and
- methods to create diagnostic level microarray spot morphology – a printed spots characteristics such as size shape and placement.

We originated and continually improve upon our core technology. Our patent strategy is to seek broad patent protection on new developments in microarray technology, tests and systems and then file patent applications covering new implementations of the technology and new microarray platforms utilizing the technology across our current and expected future markets. As these technologies are implemented and validated, we file new patent applications covering scientific methodologies enabled by our technology.

We have developed a portfolio of issued patents, patent applications and design patents directed to our methodologies, commercial products and technologies in development.

Government Regulation

We believe that our major markets are the United States and Canada. The following describes the regulatory clearance or approval process for diagnostic systems in each of those jurisdictions.

United States

Research Use Only

"Research use only" components are those components in the laboratory research phase of development that are not represented as effective IVD products. These components must be labelled "For Research Use Only. Not for use in diagnostic procedures." These components are exempt from regulatory oversight in the United States. Research Use Only products represent the majority of the expected sales of products through its Drug Development Tools and Services business to pharmaceutical companies.

Lab-Developed Tests

CLIA-compliant labs frequently develop and validate an assay using RUO components. The lab must validate these tests and assume all liability for use on patient samples. These tests are regulated as lab-developed tests.

Diagnostic Tests

Diagnostic tests or assays, known as "*in vitro* diagnostic", or "IVD", products by the FDA, are those reagents, instruments and systems intended for use in the diagnosis of disease or other conditions. Diagnostic tests are also used in the determination of a person's state of health, in order to cure, mitigate, treat or prevent disease

or its sequelae. These tests are intended for use in the collection, preparation and examination of specimens taken from the human body.

Diagnostic tests are classified into one of three categories for FDA regulatory purposes. These categories are based on the degree of risk they pose to humans and their importance in preventing impairment in human health. Our diagnostic tests are considered Class II devices by the FDA.

Class II tests often require pre-market notification under the FDA's 510(k) process, in connection with which the manufacturer submits data to the FDA to demonstrate that its test is substantially equivalent to a legally marketed test (known as a "predicate" test).

Canada

The *Medical Devices Regulations* (the "Regulations"), promulgated under the *Food and Drugs Act* (Canada), set out, among other things, the requirements for the licensing of an "*in vitro* diagnostic device" or "IVDD". *In vitro* diagnostic devices include reagents, assays and equipment used for examining specimens taken from the body. IVDDs are designated as Class I, II, III and IV, based on the degree of risk associated with their use.

Our diagnostic tests are considered Class II devices by Health Canada. An application for a Class II medical device includes information regarding the manufacturer and specific documentation about the device and a copy of the quality management system certificate certifying that the quality management system under which the device is manufactured satisfies National Standard of Canada CAN/CSA-ISO 13485:03, Medical devices — Quality management systems — Requirements for regulatory purposes

As in the United States, components sold without any representation of performance claims may be labelled for "research use only," and are exempt from regulatory oversight in Canada.

Approvals/Clearances

Health Canada

We have received licenses for all applications, which have been made to Health Canada to date as listed in the following table.

Catalog Number	Product	Medical Device License	Date of Issuance
10525	Ig_plex Celiac DGP Panel	92852	February 2014
01400	sqid-**X** system	92853	February 2014

United States

Our 510(k) submission for IgX PLEX Rheumatoid Arthritis Qualitative Assay and sqidworks Diagnostics Platform was cleared by the FDA in October 2009 and our 510(k) submission for IgX PLEX Celiac Qualitative Assay and sqidworks Diagnostics Platform was cleared by the FDA in June 2011. Our 510(K) submission for Ig_plex Celiac DGP and sqid-**X** system was cleared by the FDA on November 6, 2014.

Employees

As of December 5, 2016, we had 36 employees, of whom three were in sales and marketing, 22 were in research and development, 9 were in manufacturing and operations and two were in administration. Our employees have specialized knowledge in areas such as multiplexing, immunology, microarray design and manufacture, assay development, systems engineering and medical-systems sales and servicing. The focus in

fiscal 2017 will be to enhance our commercialization efforts through expansions in the sales and marketing team and transitioning portions of our R&D and manufacturing team to large scale product delivery.

We have never experienced a work stoppage or other labour disturbance. To our knowledge, none of our employees belongs to, or is represented by, a labour union.

RISK FACTORS

This section incorporates by reference the "Risk Factors" section, contained on pages 16-28 of our Management's Discussion and Analysis for the year ended September 30, 2016.

DIVIDENDS AND DISTRIBUTIONS

To date, we have not paid any dividends and do not expect to do so in the foreseeable future. We currently intend to retain all future earnings for the operation and expansion of our business. Dividends on our common shares are declared at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements and other factors that our board determines are relevant.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

As of December 5, 2016 we had 80,904,836 common shares issued and outstanding. We are authorized to issue an unlimited number of common shares. The holders of common shares are entitled to one vote per share at meetings of shareholders, to receive such dividends as declared by our board of directors and to receive the remaining property and assets upon our dissolution or winding up. The common shares are not subject to any future call or assessment and there are no pre-emptive, conversion or redemption rights attached to such shares.

Warrants

As of December 5, 2016, we had outstanding warrants to purchase an aggregate of 33,011,589 common shares at exercise prices ranging from $0.52 per share to $1.10 per share. These warrants will expire at various times between January 2017 and February 2020. In the event of a distribution of dividends, a stock split, a reorganization, a reclassification, a consolidation, or a similar event, each warrant provides for adjustment of the exercise price and the number of shares issuable upon exercise.

Debentures

As of December 5, 2016 the Company had outstanding debentures with a principal amount of $3,236,000. The debentures were issued on January 30 and February 20, 2016, bear interest at a rate of 10% and are redeemable 60 months from the date of issuance. Approximately 60% of the Debentures were subscribed to by individuals who subsequently became board members and are thus considered related parties. The Debentures are secured by a general security agreement over all the present and future assets of the Company including intangibles.

Options

We maintain a stock option plan for the benefit of directors, officers, employees and consultants. The aggregate number of common shares reserved for issuance under the plan, together with any other employee stock option plans, options for services and employee share purchase plans, may not exceed 10% of the issued and outstanding common shares at the time of the option grant (on a non-diluted basis). Options granted pursuant to the plan must have terms not to exceed five years, and are granted at an option price that may not be less than the fair market price at the time the options are granted. All options granted to individual optionees, other than consultants, generally vest in three equal instalments over a period of 18 to 36 months.

MARKET FOR SECURITIES

Trading Price and Volume

Our common shares are listed and posted for trading on the TSXV under the symbol "SQD". The following table sets out, for the periods indicated, the reported high and low sales prices and aggregate volume of trading of our common shares on the TSXV for the periods indicated.

Month	Volume (#)	High Trading Price (C$)	Low Trading Price (C$)
2014			
October	2,337,356	0.43	0.285
November	99,752	0.42	0.32
December[(1)]	327,285	0.50	0.315
2015			
January	82,100	0.65	0.435
February	54,998	0.60	0.49
March	137,900	0.58	0.425
April	87,236	0.60	0.45
May	51,200	0.53	0.35
June	9,331	0.50	0.35
July	8,920	0.495	0.36
August	72,490	0.49	0.40
September	159,000	0.45	0.37
October	128,701	0.445	0.34
November	75,127	0.43	0.40
December	848,000	0.40	0.30
2016			
January	113,000	0.395	0.305
February	115,175	0.345	0.29
March	199,400	0.32	0.26
April	677,057	0.45	0.24
May	251,143	0.42	0.30
June	14.533	0.38	0.30
July	314,537	0.34	0.25
August	4,024,328	0.255	0.235
September	1,214,000	0.25	0.225
October	983,763	0.225	0.165
November	644,890	0.20	0.18
December[(1)]	177,300	0.19	0.175

[(1)] As at market close on December 5, 2016

Prior Sales

Common Shares

On July 16, 2015 the Company completed public offering of 5,330,000 units of the Company at a price of $0.50 per unit for gross proceeds of $2,665,000. Each unit comprises one common share of the Company and one Common Share purchase warrant. Each warrant is exercisable at a price of $0.65 and entitles the holder thereof to acquire one Common Share until July 16, 2018, subject to accelerated expiry in certain circumstances.

On December 15, 2015 and December 21, 2015 the Company completed a non-brokered private placement of 7,630,945 units of the Company at $0.40 per unit for gross proceeds of $3,052,000. Each unit comprises one common share of the Company and one Common Share purchase warrant. Each warrant is exercisable at a price of $0.52 and entitles the holder thereof to acquire one Common Share for a period of three years from the date of issuance.

August 16, 2016 the Company completed a rights offering and issued 11,557,833 common shares at $0.27 per share for gross proceeds of approximately $3,121,000.

Since October 1, 2014, we have issued no common shares upon the exercise of warrants.

Since October 1, 2014, we have issued the following common shares upon the exercise of stock options.

Date of Issue	**Number of Common Shares Issued**	**Exercise Price**
April 10, 2015	50,000	$0.35

Options

The following table sets forth the details for all options that we granted under our option plan since October 1, 2014.

Date of Grant	**Number of Common Shares Under Options Granted**	**Exercise Price**	**Expiry Date**
November 18, 2014	115,000	$0.38	November 18, 2019
February 25, 2015	320,000	$0.60	February 25, 2020
April 27, 2015	40,000	$0.60	April 27, 2020
September 16, 2015	340,000	$0.42	September 16, 2020
March 14, 2016	2,054,000	$0.30	March 14, 2021
August 16, 2016	17,500	$0.25	August 16, 2021

Warrants

The following table sets forth the details for all warrants that we issued since October 1, 2014.

Date of Issue	Number of Common Shares Under Warrants Granted	Exercise Price	Expiry Date
January 30, 2015	1,950,000	$0.60	January 30, 2020
January 30, 2015	195,000	$0.60	January 30, 2020
February 20, 2015	1,286,000	$0.60	February 20, 2020
February 20, 2015	128,600	$0.60	February 20, 2020
July 16, 2015	5,330,000	$0.65	July 16, 2018
December 15, 2015	7,480,945	$0.52	December 15, 2018
December 21, 2015	150,00	$0.52	December 15, 2018

DIRECTORS AND OFFICERS

The following table sets forth the names, municipalities of residence, positions held with us and principal occupations of our directors and executive officers and, if a director, the month and year in which the person became a director. Our directors hold office until the next annual meeting of our shareholders or until their successor is appointed.

Except as disclosed below, each of our directors and executive officers has been engaged for five years in his present principal occupation or in other capacities with the company or organization (or predecessor thereof) in which he currently holds his principal occupation. The information provided below has been provided to us by the individuals themselves and has not been independently verified by us.

Name, Place of Residence and Director Since (if applicable)	Principal Occupation	Number of Common Shares Beneficially Owned or Controlled	Percentage of Common Shares
Clive Beddoe (2) Calgary, AB April 2015	Currently Mr. Beddoe is Chairman of the Board of Directors. Currently and for the past 5 years Mr. Beddoe has acted as the Chair of the Board of WestJet Airlines Ltd. Mr. Beddoe is also the President of The Hanover Group of Companies, a private investment company, and a former Director of Alberta Investment Management Corp.	13,598,567	16.81%
Andrew Morris Toronto, ON Sept, 2013	Since June 2013 Andrew Morris has been President and CEO of SQI Diagnostics Inc. Prior to that and since 2004 Mr. Morris was the Chief Financial Officer of SQI Diagnostics Inc and its predecessor. Mr Morris was appointed to the Board in September of 2013.	308,340	0.38%

Name, Place of Residence and Director Since (if applicable)	Principal Occupation	Number of Common Shares Beneficially Owned or Controlled	Percentage of Common Shares
Claude Ricks (1)(2) Barrie, ON May, 2007	Currently and since December 2016 Mr. Ricks is a partner with Level 5 Strategy Group. Prior to that and since June 2014 Mr. Ricks was the Chief Operating Officer of gShift. Prior to that and since May 2007, Mr. Ricks was the President, Chief Executive Officer and a director of the Company. Prior to that, Mr. Ricks was the President of SQIDS.	1,992,157	2.46%
Eric Schneider (1) Waterloo, ON May, 2007	Currently and for the past five years, Mr. Schneider has been a partner in the law firm Miller Thomson LLP and its predecessors.	380,635	0.47%
Gerald R. Connor (2) Toronto, ON April, 2015	Currently and for the past eighteen years Mr. Connor has acted as Chairman of Cumberland Private Wealth Management Inc. and a director of Cumberland Associates Investment Counsel Inc. for the past eight years. Prior to founding Cumberland Private Wealth Management Inc. in 1997, Mr. Connor was President of Connor, Clark & Company Ltd. (1977 to 1997) and Chairman of the board of directors of Connor, Clark & Lunn Investment Management. Mr. Connor is also a trustee of Allied Properties Real Estate Investment Trust and Chair of its audit committee.	13,481,153	16.66%
Wilmot L. Matthews (2) Toronto, ON April, 2015	Mr. Matthews has been involved in all aspects of investment banking by serving in various positions with Nesbitt Burns Inc. and its predecessor companies from 1964 until his retirement in September 1996, when he was Vice Chairman and a Director. Mr. Matthews is President of Marjad Inc., a private investment company and a current member of the Investment Advisory Committee of Imperial Capital, a private equity fund manager. Mr. Matthews is a CPA CA.	13,583,529	16.79%
Cameron Prange(1) Oakville, ON April, 2015	Mr. Prange is the Chief Executive Officer, Chief Financial Officer and a director of Maclos Capital, Inc. (formerly LMS Medical Systems Inc.). Mr. Prange serves as President of Kingsdale Capital Markets Inc. As one of its founding partners, Mr. Prange joined Kingsdale at its inception in early 2002. Mr. Prange has over 32 years of experience in the	250,948	0.31%

Name, Place of Residence and Director Since (if applicable)	Principal Occupation	Number of Common Shares Beneficially Owned or Controlled	Percentage of Common Shares
	securities industry and previously served as President of Equisure Securities.		
Patricia Lie Oakville, ON	Ms. Lie is the Vice President of Finance and Administration. For the past five years Ms. Lie has held the position of Director of Finance and Administration at SQI. Prior to joining SQI, Ms. Lie was Professor of Business (Accounting) at Sheridan College; held various roles at Toronto Dominion Bank Financial Group following five years at PwC LLP, a Canadian public audit firm.	Nil	-
Dr. Jaymie R. Sawyer Thornhill, ON	Currently and since October 2010, Dr. Sawyer is the Vice President, R&D of the Company. Prior to that and since 2002, Dr. Sawyer was the Director, R&D at BD Biosciences.	Nil	-

(1) Member of the audit committee (the "**Audit Committee**") (appointed annually).
(2) Member of the compensation committee (the "**Compensation Committee**") (appointed annually).

As a group, our directors and executive officers beneficially owned, directly or indirectly, or exercised control over 43,595,329 common shares, which represented 53.88% of the outstanding common shares. Additionally, as of December 5, 2016, as a group, our directors and executive officers beneficially owned, directly or indirectly, or exercised control over, options and warrants to purchase up to 26,076,016 further common shares.

Board Committees

Our board of directors has established an Audit Committee and a Compensation Committee to assist the directors in efficiently carrying out their responsibilities.

Audit Committee

Our board of directors has appointed an Audit Committee consisting of three directors, being, Eric Schneider, Claude Ricks, and Cameron Prange, the Chair of the Audit Committee all of whom are "financially literate" within the meaning of Multilateral Instrument 52-110 (Audit Committees) have accounting or related financial expertise, and are "independent" within the meaning of applicable Canadian securities laws. The responsibilities and mandate of the Audit Committee are set out in an Audit Committee Charter. The primary purposes of the Audit Committee are to:

(a) assist the board's oversight of:

  (i) the integrity of our financial statements and other financial reporting;

  (ii) the external auditor's qualifications and independence;

  (iii) the performance of our internal audit functions and internal auditor, if and when one is appointed;

  (iv) our compliance with legal and regulatory requirements; and

  (v) any other matters as defined by the board;

(b) manage, on behalf of the shareholders, the relationship between us and the external auditors by:

  (i) recommending to the board the nomination and remuneration of the external auditors;

  (ii) overseeing the work of the external auditors for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for us, including the resolution of any disagreements between management and the external auditor regarding financial reporting;

  (iii) approving fees for all audit and audit-related services and pre-approving all non-audit services to be provided to us by our external auditor;

  (iv) managing the relationship and facilitating communication between us and the external auditors; and

(c) oversee the preparation of any report that is required by any applicable securities regulatory authority to be included in the annual proxy statement, annual information form or any other of our public disclosure documents.

Compensation Committee

Our board of directors has appointed a Compensation Committee consisting of four directors, being Clive Beddoe, the Chair, Claude Ricks, Wilmot Matthews and Gerry Connor who are "independent" under applicable Canadian securities laws.

The responsibilities and mandate of the Compensation Committee are set out in a Compensation Committee Charter. The primary purposes of the Compensation Committee are to:

- assist the board in discharging the board's oversight responsibilities relating to the compensation, development, succession and retention of the Chief Executive Officer, President and senior management, and
- establish fair and competitive compensation and performance incentive plans.

Corporate Cease Trade Orders, Penalties and Bankruptcies

Other than as disclosed below, to our knowledge, no proposed director:

(i) is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including our company) that, while that person was acting in that capacity,

A. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

B. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

C. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Beddoe served as a Director of Darian Resources Ltd. (Darian), a private company, until his resignation in October 2009. Subsequent to Mr. Beddoe's resignation, on February 12, 2010, Darian obtained an order under the Companies' Creditors Arrangement Act. On July 2, 2010, the Court of Queen's Bench of Alberta issued its final order approving Darian's Plan of Compromise and Arrangement and the payments to creditors contemplated in the Plan of Compromise have been made.

Personal Bankruptcies

To our knowledge, none of our existing or proposed directors have, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Our directors are required by law to act honestly and in good faith with a view to our best interests and to disclose any interests that they may have in any project or opportunity of SQI. If a conflict of interest arises at a meeting of the board, any director in a conflict must disclose his interest and abstain from voting on such matter.

To our knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among SQI, our promoters, directors and officers or other members of management of SQI or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to SQI and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time to time we are involved in various claims and legal proceedings of a nature considered normal to our business. While it is not feasible to predict or determine the outcome of these proceedings, management believes any current actions to be without merit, and no provision in respect of these matters has been made in our financial statements.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for our common shares is ComputerShare Limited at its principal offices located in Toronto, Ontario.

EXPERTS

Collins Barrow Toronto LLP, Licensed Public Accountants, are the auditors of the Company and have performed audits in respect of the audited annual consolidated financial statements of the Company as at and for the years ended September 30, 2016 and 2015. Collins Barrow Toronto LLP, Licensed Public Accountants is an independent auditor within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the System for Electronic Document Analysis and Retrieval, which can be accessed at www.sedar.com. Additional information, directors' and officers' remuneration and indebtedness, principal holders of common shares authorized for issuance under equity compensation plans, if applicable, will be contained in the Company's information circular for its annual and special meeting of shareholders anticipated to be held in March 2017. Additional financial information is also provided in the Company's financial statements and management's discussion and analysis for the year ended September 30, 2016.

Glossary of Terms:

Multiplex(ing): to obtain multiple results from one single biological sample to save time, cost and development of multiple tests.

IVD: In vitro diagnostics; specifically diagnostic tests which meet the rigorous standards of regulated bodies (FDA, HC, EMA).

CRO: Contract Research Organization; organizations who typically conduct testing for large pharmaceutical companies and development laboratories.

Biomarker: Biological molecules, the presence or absence of which can be used to detect or monitor a state of disease or can be used to test the efficacy or safety of a drug in development.

ADA: Anti drug antibodies are produced by the body as an immune response to administered drugs; ADAs are of interest for both drug efficacy and safety.

Immunogenicity Testing: the ability to detect the ability of a particular substance, such as an antigen (a molecule capable of producing an immune response) or epitope, to provoke an immune response in the body of a human or animal.

Epitope mapping: Testing used to identify specific regions in a drug candidate that cause an immune response and production of ADAs.

PK: Pharmacokinetics – the rate at which a drug is metabolized in a patient; used to better design dosing regimens, among other things; multiplex PK is used to measure PK when more than one drug is (1) being investigated or (2) used in combination therapies.

FDA: U.S. Food and Drug Administration

EMA: European Medicines Agency

CE Mark: Is a mandatory conformity marking for certain products sold within European Economic Area

sqidlite: Our bench-top diagnostic system – fully automated bench top microarray processing system.

sqidworks: Our diagnostic platform is a high-throughput fully automated microarray processing and analytical instrument.

sqid-X: sqid-**X**™ System – semi-automated bench-top platform that incorporates all of SQI's technology with the exception of automated fluidics handling.

DDTS: Drug Development Tools and Services

R&D: Research and Development