Unaudited Condensed Interim Financial Statements

# BRADMER PHARMACEUTICALS INC.

Three month periods ended March 31, 2015 and 2014
(All Amounts Expressed in United States dollars)

# BRADMER PHARMACEUTICALS INC.

**Condensed Interim Statements of Financial Position**
**As at**
(All amounts expressed in United States dollars)

| | Note | | **March 31, 2015** | | December 31, 2014 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash | | **$** | **613,666** | $ | 699,158 |
| Amounts receivable | | | **3,738** | | 483 |
| Prepaid expenses | | | **9,699** | | 1,746 |
| **Total assets** | | **$** | **627,103** | $ | 701.387 |
| **Liabilities and Shareholders' Equity** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 12 | **$** | **17,055** | $ | 38,485 |
| **Shareholders' Equity** | | | | | |
| Share capital | 6 | | **1,812,858** | | 1,979,314 |
| Contributed surplus | 8 | | **2,003,264** | | 2,187,203 |
| Accumulated other comprehensive income | | | **708,773** | | 414,186 |
| Deficit | | | **(3,914,847)** | | (3,917,801) |
| **Total shareholders' equity** | | | **610,048** | | 662,902 |
| **Total liabilities and shareholders' equity** | | **$** | **627,103** | $ | 701,387 |

Nature of Operations (Note 1)
Commitments (Note 13)

Approved on behalf of the Board:

*"Dale Boden"*
Dale Boden, Director

*"Charles Lilly"*
Charles Lilly, Director

See accompanying notes

# BRADMER PHARMACEUTICALS INC.

**Condensed Interim Statements of Comprehensive Income**
**For the three months ended March 31**
(All amounts expressed in United States dollars)

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **Expenses** | | | | |
| General and administrative | **$** | **31,956** | | 49,045 |
| Other Income | | | | |
| Interest | | **38** | | 47 |
| Foreign exchange gain | | **34,872** | | 16,316 |
| | | **34,910** | | 16,363 |
| **Income/(loss) for the period** | **$** | **2,954** | $ | (32,682) |
| **Other comprehensive income** | | **315,582** | | 141,893 |
| **Comprehensive income for the period** | **$** | **256,278** | $ | 109,211 |
| Income/(loss) per share | | | | |
| Basic and diluted (Note 9) | **$** | **0.0002** | $ | (0.0017) |
| Weighted average number of shares outstanding | | **19,659,726** | | 19,659,726 |

See accompanying notes

# BRADMER PHARMACEUTICALS INC.

**Condensed Interim Statements of Changes in Shareholders' Equity**
**For the three months ended March 31**
(All amounts expressed in United States dollars)

| | Share capital | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount | Contributed surplus | Accumulated Other Comprehensive Income | Deficit | Total Shareholders' equity |
| **Balance, January 1, 2014** | **19,659,726** | **$ 2,158,896** | **$ 2,385,647** | **$ 98,604** | **$ (3,858,497)** | **$ 784,650** |
| Foreign currency translation adjustment | - | (81,449) | (90,004) | 141,893 | - | (29,560) |
| Loss for the period | - | - | - | - | (32,682) | (32,682) |
| **Balance, March 31, 2014** | **19,659,726** | **$ 2,077,447** | **$ 2,295,643** | **$ 240,497** | **$ (3,891,179)** | **$ 722,408** |
| **Balance, January 1, 2015** | **19,659,726** | **$ 1,979,314** | **$2,187,203** | **$ 414,186** | **$ (3,917,801)** | **$ 662,902** |
| Foreign currency translation adjustment | - | (166,456) | (183,939) | 294,587 | - | (55,808) |
| Income for the period | - | - | - | - | 2,954 | 2,954 |
| **Balance, March 31, 2015** | **19,659,726** | **$ 1,812,858** | **$ 2,003,264** | **$ 708,773** | **$ (3,914,847)** | **$ 610,048** |

See accompanying notes

# BRADMER PHARMACEUTICALS INC.

**Condensed Interim Statements of Cash Flows**
**For the three months ended March 31**
(All amounts expressed in United States dollars)

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Income/(loss) for the period | **$** | **2,954** | $ | (32,682) |
| Adjustments for: | | | | |
| Foreign currency translation adjustment | | **(55,808)** | | (29,560) |
| | | **(52,854)** | | (62,242) |
| Change in non-cash operating items | | | | |
| Amounts receivable | | **(3,255)** | | (431) |
| Prepaid expenses | | **(7,953)** | | (9,746) |
| Accounts payable and accrued expenses | | **(21,430)** | | 20,523 |
| Decrease in cash | | **(85,492)** | | (51,896) |
| Cash at beginning of period | | **699,158** | | 800,568 |
| **Cash at end of period** | **$** | **613,666** | $ | 748,672 |

See accompanying notes

## 1. NATURE OF OPERATIONS

Bradmer Pharmaceuticals Inc. ("Bradmer" or the "Company") is a public company incorporated under the Business Corporations Act (Ontario).

Until the third quarter of 2009, Bradmer Pharmaceuticals Inc. ("Bradmer" or the "Company") was focused on developing proprietary drugs to treat cancer. The Company completed the wind down of its operations including the termination of its Phase III clinical trial for Neuradiab® in 2009. It terminated its licensing agreement with Duke University effective March 31, 2011.

The Company is currently seeking a business transaction. Apart from the balance of accounts payable and accrued liabilities, there are currently no material outstanding bills or contract related liabilities and the Company envisions minimal spending until it enters into a transaction.

The common shares of Bradmer were delisted from the Toronto Stock Exchange (“TSX”) on March 26, 2010, and were listed on the NEX Board of the TSX Venture Exchange on March 29, 2010.

The Company entered into a letter of intent with XORTX Pharma Inc. dated November 18, 2014 to complete a business combination (Note 14).

The office address of the Company is Wildeboer Dellelce Place, Suite 800, 365 Bay St., Toronto, Ontario, M5H 2V1, Canada.

These financial statements were approved and authorized for issuance by the Board of Directors on May 6, 2015.

## 2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

(a) Statement of compliance

The condensed interim financial statements of the Company comply with International Financial Reporting Standards (“IFRS”) and *IAS 34 Interim Financial Reporting*.

(b) Functional and presentation currency

The condensed interim financial statements are presented in United States (“US”) dollars. The functional currency of the Company is Canadian dollars.

## 3. NOTICE TO READERS OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating as such.

The Company’s independent auditors, Collins Barrow Toronto LLP, have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada (“CPA Canada”) for a review of interim financial statements by an entity’s auditor.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) Foreign currency translation

Functional currency, as described in IAS 21 the Effects of Changes in Foreign Exchange Rates, is the currency of the primary economic environment in which the Company operates. The presentation currency is US dollars to anticipate a potential transaction with a US Company. In accordance with IAS 1 Presentation of Financial Statements, comparative information is also presented in US dollars.

Transactions which are denominated in other currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. The carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each statement of financial position date to reflect exchange rates prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses are recognized in earnings. On the translation from the functional currency to the presentation currency, statements of financial position accounts are translated using the exchange rate on the reporting date, except for deficit which is translated at the historical rate and income and expenses which are translated at exchange rates at the dates of the transactions. Resulting exchange differences are recognized in other comprehensive income.

(b) Research and development expenditures

Research expenditures are expensed in the period incurred. Product development expenditures are expensed in the period incurred unless the product candidate meets the strict accounting criteria for deferral and amortization. The Company’s policy is to amortize deferred product development expenditures over the expected future life of the product once product revenues or royalties are recorded. No product development expenditures have been deferred to date.

(c) Revenue recognition

Revenue arising from cash yielding interest is recognized when reasonable assurance exists regarding measurement and collectability, resulting in interest being recognized on a time-proportion basis. Fees from advisory services are recognized as services are provided.

(d) Share-based payment

The Company maintains a stock option incentive plan described in Note 7 that grants purchase options on its common shares to employees, directors, officers and consultants of the Company. The purpose of the stock option plan is to align management interests with those of shareholders by providing an additional incentive to improve company performance and increase the share price on a long-term basis. The grant of stock options represents a benefit given to management and directors and constitutes additional compensation borne by the Company. This is valued at the fair value of the Company‘s stock options. The compensation expense is equal to the value of the option at grant date, measured using the Black-Scholes model. This compensation paid is recorded in expenses with a corresponding increase in contributed surplus, and recognized over the vesting period of the benefit granted. Share-based payments to non-employees are measured at the date the Company obtains the goods or the counterparty renders service.

For equity settled share-based payment transactions, the Company measures goods or services received, directly at their fair value, unless that fair value cannot be estimated reliably, in which case the Company measures their value by reference to the fair value of equity instruments granted.

For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At each reporting date, the Company reassesses its estimates of the number of awards that are

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Share-based payment

expected to vest and recognizes the impact of any revision in the statement of comprehensive income with a corresponding adjustment to equity.

Any consideration received on exercise of stock options is credited to share capital.

(e) Earnings/Loss per share

Earnings/loss per common share is calculated by dividing the net earnings/loss for the period by the weighted average number of common shares outstanding during the period. Diluted per share amounts do not differ from basic share amounts as the effect of outstanding options is anti-dilutive for all periods presented.

(f) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carryforwards. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is generally recognized in income in the period that includes the date of substantive enactment. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Financial Instruments

Financial assets:

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss whose transaction costs are expensed.

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets classified as FVTPL are subsequently measured at fair value with any resultant gain or loss recognized in profit and loss. Financial assets classified as available for-sale are subsequently measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

Financial assets classified as loans and receivables and held to maturity, are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities:

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities:

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Instruments (cont'd)

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments consist of the following:

| Financial Instrument | Classification |
|---|---|
| Cash | FVTPL |
| Accounts payable and accrued liabilities | Other financial liabilities |

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As at March 31, 2015 and December 31, 2014, none of the Company's financial instruments other than cash is recorded at fair value on the statements of financial position. Cash is considered to be a level 1 investment on the fair value hierarchy.

(h) Comprehensive income

Comprehensive income, composed of income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, foreign currency translation adjustments and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are

(All amounts expressed in United States dollars unless otherwise stated)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Comprehensive income (cont'd)

disclosed in the statements of comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented as a category in shareholders' equity.

(i) Future change in accounting policies

The following standard has been issued but is not yet effective:

IFRS 9, Financial Instruments ("IFRS 9") will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. In February 2014 the IASB set January 1, 2018 as the effective date for mandatory application of IFRS 9. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic.

Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity or earnings. These estimates and assumptions relate to recognition of deferred taxes.

## 6. SHARE CAPITAL

Authorized

Unlimited voting common shares without par value

Unlimited preferred shares, issuable in series

| Issued common shares: | **Number** | | **Amount** |
|---|---|---|---|
| **Balance, January 1, 2014** | **19,659,726** | **$** | **2,158,896** |
| Foreign currency translation adjustment | - | | (179,582) |
| **Balance, December 31, 2014** | **19,659,726** | **$** | **1,979,314** |
| Foreign currency translation adjustment | **-** | | (166,456) |
| **Balance March 31, 2015** | **19,659,726** | **$** | **1,812,858** |

(All amounts expressed in United States dollars unless otherwise stated)

## 7. SHARE-BASED PAYMENT

The Company has a stock option plan (the "Plan"), which provides employees, directors, officers and consultants of the Company with the opportunity to acquire common shares of the Company through the exercise of stock options. Stock options granted under the Plan are limited to a maximum term of ten years with generally a vesting of one-third on each anniversary of the award.

A summary of the status of the Company's Plan is as follows:

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| **Outstanding, December 31, 2014 and March 31, 2015** | **1,950,000** | **$ 0.11** |

At March 31, 2015, 1,950,000 (December 31, 2014 – 1,950,000) options are fully vested and exercisable.

The Company has assumed a nil forfeiture rate. As required under IFRS, the estimates of the number of equity-settled awards that vest are adjusted to the actual numbers that vest, unless forfeitures are due to market-based conditions.

The Plan is based on a rolling percentage of options issuable of up to 10% of the Company's outstanding common shares. As at March 31, 2015 and December 31, 2014, the Company had 19,659,726 common shares issued and outstanding resulting in authorization to issue a maximum 1,965,972 options under the Plan.

The following table summarizes stock options outstanding and exercisable at March 31, 2015:

| | Options outstanding and exercisable | | | |
|---|---|---|---|---|
| Exercise price | Number of common shares | Weighted average remaining contractual life | Weighted average exercise price | Expiry date |
| $ 0.10 | 1,500,000 | 6.3 | $ 0.10 | July 21, 2021 |
| 0.16 | 450,000 | 4.2 | 0.16 | June 25, 2019 |
| | 1,950,000 | 5.8 | $ 0.11 | |

The estimated fair value of options granted to the Company's employees, directors and consultants is calculated at the grant date and amortized in an accelerated format over the vesting period of the options. The fair value of non-employee awards is estimated on the date when goods or services are received at the value of the options awarded as the fair value of goods and services received could not be reliably measured.

There were no stock option awards during the periods ended March 31, 2015 and 2014.

The above options were not included in the computation of diluted net loss per share (Note 9) as they were anti-dilutive for all periods presented.

(All amounts expressed in United States dollars unless otherwise stated)

## 8. CONTRIBUTED SURPLUS

| | | |
|---|---|---|
| **Balance, January 1, 2014** | **$** | **2,385,647** |
| Foreign currency translation adjustment | | (198,444) |
| **Balance, December 31, 2014** | **$** | **2,187,203** |
| Foreign currency translation adjustment | | (183,939) |
| **Balance March 31, 2015** | **$** | **2,003,264** |

## 9. NET INCOME/(LOSS) PER COMMON SHARE

The following table sets forth the computation of net income/ (loss) per common share.

| Three month periods ended March 31 | | **2015** | | 2014 |
|---|---|---|---|---|
| Income/(loss) for the period | **$** | **2,954** | $ | (32,682) |
| Weighted average number of common shares outstanding | | **19,659,726** | | 19,659,726 |
| Income/(loss) for the period per common share | **$** | **0.0002** | $ | (0.0017) |

## 10. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company does not plan to raise additional funds through the issuance of equity and warrants, but will continue to explore business development opportunities.

The Company includes equity, comprised of issued common shares, contributed surplus and deficit, in the definition of capital. In its capital structure, the Company considers its stock option plans for key employees and officers.

The Company is not subject to any capital requirements imposed by a regulator and there has been no change with respect to the overall capital risk management strategy during the three month period ended March 31, 2015.

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Risk disclosures

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business.

### Interest rate risk

The Company has no significant exposure to interest rate risk as the level of cash held by the Company does not meet the threshold for the payment of interest by the Company's primary bank.

### Foreign currency risk

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the CDN$ as well as financial assets and liabilities, primarily cash, denominated in foreign currencies. The currency giving rise to this risk is primarily the US$.

### Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

(All amounts expressed in United States dollars unless otherwise stated)

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

The maximum exposure to credit risk of the Company at period-end is the carrying value of its cash.

The Company manages credit risk by maintaining bank accounts with Schedule I banks in Canada and major banks in the United States and investing only in cash. Cash totaling $509,000 (December 31, 2014 - $594,000) is held with one Canadian chartered bank. The Company's cash is not subject to any external restrictions.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

As at March 31, 2015, the Company has accounts payable and accrued expenses of approximately $17,000 due within 12 months and has cash of approximately $614,000 to meet its current obligations. As a result, the Company has minimal liquidity risk at this time.

**Sensitivity analysis**

In managing currency risks the Company aims to reduce the impact of short-term fluctuations on the earnings. Over the longer-term, however, permanent changes in foreign exchange would have an impact on earnings.

## 12. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2015, the Company incurred legal fees of approximately $9,000 (2014 - $26,000) to a law firm, Wildeboer Dellelce LLP ("WD"), a partnership in which one of the partners was a director of the Company until July 2013 and has continued as a consultant to the Company since then. Such transactions were conducted under normal business terms and the amounts charged were recorded at their exchange amounts. Included in accounts payable and accrued liabilities as at March 31, 2015 is $6,900 (2014 - $1,900) owing to this firm.

The Company also paid fees to Wildlaw Capital Markets Inc. ("WCM"), a related company of WD by virtue of the partners of WD also being beneficial shareholders of WCM, for financial and administrative services in the amount of $15,000 during the three months ended March 31, 2015 (2014 – $16,000). Included in accounts payable and accrued liabilities as at March 31, 2015 is $4,700 (2014 - $5,800) owing to this firm.

**Key Management Compensation**

Key management includes Chief Executive Officer, Chief Financial Officer and directors. The compensation paid or payable to key management is shown below for the three months ended March 31 in Cdn$:

| Three months ended March 31, | | **2015** | | 2014 |
|---|---|---|---|---|
| Management contract (Note 13) | **$** | **18,000** | $ | 18,000 |

## 13. COMMITMENTS

Financial and Administrative Services

Effective July 1, 2011, Bradmer entered into an agreement with WCM to provide financial and administrative services for Cdn$6,000 per month. This agreement is in force until December 31, 2015. The agreement may be extended or renewed by mutual agreement of the parties.

## 13. COMMITMENTS (cont'd)

Financial Advisory Services

On August 11, 2011, Bradmer entered into an agreement with WCM as its exclusive financial advisor (i) in respect of any potential business transactions, including a merger, acquisition or reverse takeover; (ii) to complete a review of the Company's current capital market strategy; and (iii) to provide advice with respect to the financing of any transaction. The agreement has been renewed until August 11, 2015.

As consideration for WCM providing the services hereunder, the Company agrees to pay to WCM in cash, equity or a combination of the two, a fee equal to:

(a) if the gross value of the transaction is Cdn$100 million or less, an amount that is 3% of the gross value of such transaction; or

(b) if the gross value of the transaction is greater than Cdn$100 million but not in excess of Cdn$200 million, an amount that is equal to 2% of the gross value of the transaction; or

(c) if the gross value of the transaction is greater than Cdn$200 million, an amount that is equal to 1% of the gross value of the transaction.

If the transaction is not completed because an alternative transaction is entered into by the Company, the Company shall pay to WCM, in cash, a fee equal to Cdn$100,000, together with all of WCM's expenses and disbursements incurred to the date of such agreement or transaction.

## 14. BUSINESS TRANSACTION

Bradmer entered into a letter of intent ("Letter of Intent") dated November 18, 2014 with XORTX Pharma Corp. ("XORTX"), a corporation subsisting under the Canada Business Corporations Act (the "CBCA"), to complete a going-public transaction for XORTX (the "Proposed Transaction"). Pursuant to the Letter of Intent, Bradmer has agreed in principle to acquire all of the issued and outstanding common shares of XORTX ("XORTX Shares") based on a valuation of $0.515 per XORTX Share via the issuance of approximately 186,000,000 common shares of Bradmer ("Bradmer Shares"), on a pre-consolidated basis, giving the Bradmer Shares a deemed value of approximately $0.061 per Bradmer Share, on a pre-consolidated basis.

XORTX is a privately held life science company based in Calgary. The development stage company focuses on proprietary repositioning existing drugs with known biological mechanism and safety for use as novel therapy in kidney disease and diabetes.

The Proposed Transaction is subject to, among other things, the execution of a definitive agreement between Bradmer and XORTX, and, when completed, will constitute a "reverse takeover" under the applicable policies of the TSX Venture Exchange (the "Exchange"). The Proposed Transaction will be an arm's length transaction. The Parties have agreed to negotiate in good faith on the terms and conditions of the definitive agreement and related documentation.

In conjunction with, prior to and as a condition to the closing of the Proposed Transaction, XORTX intends to complete a brokered private placement of common shares and/or receipts for aggregate gross proceeds of not less than $7,500,000 (the "Private Placement"). Mackie Research Capital Corporation has agreed to act as lead agent for the Private Placement. The Letter of Intent also includes a binding reciprocal break fee in the amount of $250,000.

Trading in Bradmer Shares will remain halted pending the satisfaction of all applicable requirements of the Exchange. There can be no assurance that trading in the Bradmer Shares will resume prior to the completion of the Proposed Transaction.

**Certain Finder's Fee**

In connection with the Proposed Transaction, Wildlaw Capital Markets Inc. ("WCM") will be entitled to receive, on closing of the Proposed Transaction: (i) $200,000 payable in cash; (ii) warrants exercisable to acquire an aggregate of 500,000 common shares of the Resulting Issuer, at an exercise price equal to the offering price under the Private Placement, for a period 24 months following the closing of the Proposed

## 14. BUSINESS TRANSACTION (cont'd)

Transaction; and (iii) 100,000 common shares of the Resulting Issuer, pursuant to the terms and conditions of an agreement with Bradmer (as amended based on negotiations with XORTX in connection with the entering into of the letter of intent). The fee is payable for the services provided by WCM, including assisting Bradmer in researching and identifying proposed target businesses and entities, identifying, approaching and conducting discussions and negotiations with prospective sellers of a Target and assisting and advising the Company with respect to negotiating the form, structure, terms and price of a Transaction.