MED BIOGENE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following management discussion and analysis of the financial condition and results of operations ("MD&A") of Med BioGene Inc. (the "Company" or "MBI") has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of August 26, 2016 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three-month period ended June 30, 2016 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following should also be read in conjunction with the annual audited consolidated financial statements and the related MD&A for the year ended December 31, 2015, and all other disclosure documents of the Company. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.medbiogene.com.

All financial information in this MD&A related to 2016 and 2015 has been prepared in accordance with IFRS and all dollar amounts are quoted in US dollars, the reporting currency of the Company, unless noted otherwise.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A contains forward-looking information and statements ("forward-looking information") of MBI under applicable Canadian and United States legislation. Words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions are intended to identify forward-looking information, although not all forward-looking information contains these identifying words. Forward looking information includes, but is not limited to, that with respect to the timing, completion and/or results of clinical trials or studies, the timing for commercialization of any products, future profits, future product revenues, future shareholder value, future operations and plans, the completion and use of proceeds from transactions or financings and the prospects for negotiating partnerships or collaborations and their timing. This forward-looking information is only a prediction based upon MBI's current expectations, and actual events or results may differ materially. MBI may not actually achieve the plans, intentions or expectations disclosed in its forward-looking information. Forward-looking information is subject to known and unknown risks and uncertainties and is based upon uncertain assumptions that could cause a MBI's actual results and the timing of events to differ materially from those anticipated in such forward-looking information. You are cautioned not to place undue reliance on this forward-looking information, which speak only as of the date of this MD&A. MBI's forward-looking information does not reflect the potential impact of any future partnerships, collaborations, acquisitions, mergers, dispositions, joint ventures or investments that MBI may make. All forward-looking information herein is qualified in its entirety by this cautionary statement and MBI undertakes no obligation to revise or update any such forward-looking information as a result of new information, future events or otherwise after the date of this MD&A, other than as required by applicable law. Certain information included in this MD&A in respect of Helomics™ (formerly "Precision Therapeutics Inc.") and its scientific, clinical and/ or commercialization efforts and expectations have been provided to MBI by Helomics™. MBI may not have been able to confirm the accuracy of such information and you should not place undue reliance on any such information, including any information regarding Helomics™ that may constitute forward-looking information. A redacted copy of the Commercialization Agreement between MBI and Helomics™ may be found at www.sedar.com. Each trademark, trade name or service mark of any entity appearing in this MD&A belongs to its holder.

GOING CONCERN UNCERTAINTY

It is believed that MBI's ability to continue as a going concern and achieve its business objectives is dependent upon obtaining significant additional financing. On April 18, 2011, MBI announced the closing of its previously announced commercialization, license and research reimbursement agreement (as amended, the "Commercialization Agreement") with Helomics™ (formerly Precision Therapeutics, Inc.). The agreement provides to Helomics™ exclusive global rights to develop and commercialize GeneFx® Lung (formerly known as LungExpress Dx).

Under the terms of the Commercialization Agreement, Helomics™ paid to MBI within 120 days of closing, license fees and research reimbursement of $2,292,589, half of which is credited against future royalties that may be owed to MBI by Helomics™. In addition, MBI is eligible to receive from Helomics™ up to $1.0 million in the following milestone payments, all of which are credited against future royalties that may be owed to MBI by Helomics™: following the commercial launch of GeneFx® Lung, amounts totaling $500,000 and, following the achievement of $5 million in net revenues from GeneFx® Lung, amounts totaling $500,000. MBI will receive royalty payments based on a percentage in the high single digits of Helomics™'s future net revenues associated with the commercialization of GeneFx® Lung or any other products incorporating MBI's technology, which amounts are subject to MBI's obligation to pay to UHN royalties of a percentage in the high teens of the actual amounts received by MBI pursuant to the sublicensing of technology licensed by MBI from UHN. Helomics™ is responsible for all future costs associated with the development and commercialization of GeneFx® Lung.

Following the closing of the Commercialization Agreement, MBI moved from a development-stage, research and development-oriented organization, to one that is focused on managing the license and rights to GeneFx® Lung granted to Helomics™ under the Commercialization Agreement. MBI disposed of its laboratory equipment and terminated its lease (month to month) in respect of its offices and laboratory. As contemplated under the Commercialization Agreement, MBI may engage with Helomics™ in the co-marketing of GeneFx® Lung, however no decisions have been made. MBI developed valuable commercial and clinical experience and contacts relating to test development and validation. For this reason the Company may undertake operations to selectively license, acquire and further develop additional tests that align with its mission of providing personalized, clinically relevant information to improve patient treatment and reduce health care costs. At the moment no such tests have been identified, for this reason no specific discussions or negotiations with third-parties have commenced and no decisions have been made. The Company has had discussions with third-parties related to other aspects of personalized health care services.

Following the closing of the Commercialization Agreement in 2011, MBI failed to retain enough cash resources to allow it to maintain operations until milestone payments were received and the expected licensing revenue from GeneFx® Lung became available. As a result, MBI raised funds in late 2014 and mid 2016 which should be enough to maintain the Company until some time in 2016 by which time it is anticipated that the milestone payments will have been received from Helomics™ and royalty revenues will have begun to be generated from the commercialization of GeneFx® Lung. If MBI needs to raise additional funds through the sale of equity or debt securities or the merger or sale of MBI, the sale of such additional equity and debt securities may result in dilution to MBI shareholders, or it may not be available in amounts or on terms acceptable to MBI. If additional capital is required and not obtained, MBI may be forced to cease operations.

BUSINESS

MBI is a life science company focused on managing the license and rights to GeneFx® Lung, a prognostic genomic-based test for non-small-cell lung cancer ("NSCLC") granted to Helomics™ under the Commercialization Agreement.

On March 27, 2013, MBI announced that Helomics™ had decided to market the test under the brand name GeneFx® Lung rather than LungExpress Dx. Helomics™ currently markets a number of tests through its CLIA-certified laboratory, which includes GeneFx® Colon and GeneFx® Lung. Both are gene expression-based tests and, accordingly, share the brand name GeneFx®.

GeneFx® Lung

Early-stage NSCLC patients are treated primarily by surgical removal of their tumors. Recent clinical trials have established that adjuvant chemotherapy, administered after tumor removal, significantly improves the survival of stage II patients, but does not significantly improve the survival of stage I patients. As a result, the American Society of Clinical Oncology and National Comprehensive Cancer Network recommend adjuvant chemotherapy for stage II patients but not for stage I patients.

Thirty to fifty-five percent of stage I and II patients die as a result of their disease, implying that patients diagnosed within the same stage of disease can have markedly different treatment responses and survival rates. Currently, tumor stage (determined by the size and location of the tumor and lymph node involvement) remains the strongest predictor of survival, but it fails to account for this difference in patient outcomes. GeneFx® Lung is expected to help address this critical issue.

As published in the *Journal of Clinical Oncology*, the fifteen-gene signature of GeneFx® Lung was developed using five-year outcome data from untreated early-stage NSCLC patients from the National Cancer Institute of Canada Clinical Trials Group JBR.10 trial. In this study, patients classified by GeneFx® Lung as higher risk benefited from adjuvant chemotherapy, and those classified as lower risk did not benefit, and may have experienced a detrimental effect, from adjuvant chemotherapy. GeneFx® Lung was subsequently validated in predicting patient mortality in four independent studies involving data from tumor specimens totaling 676 untreated early-stage NSCLC patients.

This study was led by MBI's collaborators, Drs. Ming-Sound Tsao, Frances A. Shepherd and Igor Jurisica, at the Princess Margaret Cancer Center, University Health Network ("UHN") in Toronto. Other centers involved in the study included: University of Toronto; National Cancer Institute of Canada Clinical Trials Group and Queen's University; Center for Cancer Genome Discovery, Dana-Farber Cancer Institute; Broad Institute of Massachusetts Institute of Technology; Harvard University; Cleveland Clinic; and the Max Planck Institute for Neurological Research with Klaus-Joachim-Zülch Laboratories of the Max Planck Society and the Medical Faculty of the University of Köln.

On June 1, 2013, Helomics™ presented data regarding GeneFx® Lung at the American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago, Illinois. The presentation was titled "Performance of a Prognostic Genomic Signature for Early-Stage NSCLC in Matched Fresh Frozen and RNA-Stabilized Tissue" and detailed the successful completion of the previously announced clinical studies to validate the use of GeneFx® Lung with tissue preserved by RNAlater®, a molecular fixative.

RNAlater eliminates the need to flash-freeze specimens and to keep specimens frozen throughout storage and transport, a process that is cumbersome and costly and limits test adoption as many laboratories are not equipped to work with frozen specimens. It also eliminates the need for preserving tissue in formalin, which is known to cross-link and degrade the nucleic acids rendering them less suitable for specific downstream molecular applications.

This study was undertaken by Helomics™, Almac Diagnostics Ltd. of Craigavon, Northern Ireland and Princess Margaret Cancer Center and UHN.

In March 2014, MBI announced the publication in the *Journal of Thoracic Oncology* of data demonstrating a second, independent validation of the 15-gene signature of GeneFx® Lung entitled "Validation of a Histology-Independent Prognostic Gene Signature for Early-Stage, Non-Small-Cell Lung Cancer Including Stage IA Patients." The study validated in a prospective and blinded manner the prognostic accuracy of the GeneFx® Lung signature in an independent cohort of 181 early-stage (I and II) non-small-cell lung cancer (NSCLC) tumor specimens in different histologic subtypes.

The study was led by Drs. Ming-Sound Tsao, Frances A. Shepherd and Sandy D. Der at the Princess Margaret Cancer Centre, UHN, and included Dr. Igor Jurisica, Jenna Sykes, Melania Pintilie, Dr. Chang-Qi Zhu, Dr. Dan Strumpf and Ni Liu.

Commercialization of GeneFx® Lung

In March 2014, MBI announced that Helomics™ had received regulatory approval of GeneFx® Lung under CLIA (Clinical Laboratory Improvement Amendments of 1988), the United States federal regulations applicable to clinical laboratory testing. With this approval, Helomics™ may undertake testing of GeneFx® Lung in its CLIA-certified clinical laboratory in Pittsburgh, Pennsylvania.

The long-term commercial success of GeneFx® Lung will depend largely upon the extent to which government payors, such as Medicare and Medicaid, and other third-party payors reimburse the test. In the United States, payors generally require evidence of both analytical and clinical validity (i.e. reliability of test results associated with the target disease) as well as clinical utility (i.e. whether the test results affect actual clinical decision-making and, possibly, improve patient outcomes) before reimbursing for a molecular diagnostic test.

Helomics™ believes that it has sufficient evidence of the analytical and clinical validity of GeneFx® Lung from peer-reviewed publications that demonstrate the prognostic power of the test.

The evidentiary requirements of payors in the United States relating to the clinical utility of high-value molecular diagnostic tests, which includes GeneFx® Lung, has varied over the last couple of years as among the numerous Medicare contract administrators who make coverage determinations within their jurisdictions, and as among other third-party payors. Also, specific payors have recently declined coverage of some molecular diagnostic tests citing a lack of evidence of clinical utility in the submissions.

In advance of the commercial launch of GeneFx® Lung, Helomics™ plans to engage in further dialogue with payors to better understand the current landscape and the specific needs of relevant payors as they apply to GeneFx® Lung and will incorporate this into their launch strategy in order to ensure that efforts are aimed to provide clinical utility data that satisfies payors' requirements. As such, the timing of the commercial launch of GeneFx® Lung will be established by Helomics™ in light of these considerations.

Collaboration with University Health Network

GeneFx® Lung is being developed in collaboration with a team of internationally acclaimed researchers and physicians at Princess Margaret Cancer Center, UHN in Toronto. The team is led by Dr. Frances A. Shepherd, holder of the Scott Taylor Chair in Lung Cancer Research and the Past-Chair of the National Cancer Institute of Canada Clinical Trials Group Lung Cancer Site, and Dr. Ming-Sound Tsao, holder of the M. Qasim Choksi Chair in Lung Cancer Translational Research. Drs. Shepherd and Tsao are Professors at the University of Toronto and have in total authored more than 500 articles in peer reviewed journals.

Princess Margaret Cancer Center, a research hospital of the University of Toronto, has achieved an international reputation as a global leader in the fight against cancer and is considered one of the top comprehensive cancer treatment and research centers in the world. Princess Margaret Cancer Center, together with its research institute, the Ontario Cancer Institute, is a member of the University Health Network, which also includes the Toronto General Hospital and the Toronto Western Hospital. Princess Margaret Cancer Center is the only facility in Canada devoted exclusively to cancer research, treatment and education.

Summary of Commercialization Agreement

Outlined below is a summary of the general terms of the Commercialization Agreement:

- MBI has granted to Helomics™ an exclusive worldwide license to MBI's GeneFx® Lung technology and assign to Helomics™ all of its patent rights owned by MBI, subject to the termination of such licenses and the assignment-back of such patent rights upon the termination of the Commercialization Agreement other than by Helomics™ due to an insolvency event of MBI;

- Helomics™ will, at its sole cost and expense, use reasonable efforts to develop and commercialize GeneFx® Lung;

- Helomics™ paid to MBI within 120 days of closing license fees and research reimbursement of $2,292,589, half of which is credited against future royalties that may be owed to MBI by Helomics™;

- MBI is eligible to receive from Helomics™ up to $1.0 million in the following milestone payments, all of which are credited against future royalties that may be owed to MBI by Helomics™: following the commercial launch of GeneFx® Lung, amounts totaling $500,000 and, following the achievement of $5 million in net revenues from GeneFx® Lung, amounts totaling $500,000;

- MBI will receive royalty payments based on a percentage in the high single digits of Helomics™'s future net revenues associated with the commercialization of GeneFx® Lung or any other products incorporating MBI's technology;

- the above amounts, other than research reimbursement totaling over $1.0 million of the $2,292,589 paid by Helomics™ to MBI within 120 days of closing, are subject to MBI's obligation to pay to UHN royalties of a percentage in the high teens of the actual amounts received by MBI pursuant to the sublicensing of technology licensed by MBI from UHN (paid $222,816 during the year ended December 31, 2011);

- Helomics™ will pay all future payments to UHN under MBI's license agreements with UHN (other than certain amounts owed by MBI to UHN as sublicensing royalties);
- Helomics™ will assume, at its expense, all regulatory responsibilities, including obtaining the appropriate regulatory approvals in connection with the development and commercialization of GeneFx® Lung;
- Helomics™ will assume, at its expense, responsibility to, obtain, prepare, file, prosecute and maintain throughout the world MBI's patent rights relating to GeneFx® Lung;
- MBI and Helomics™ may undertake co-marketing arrangements in respect of GeneFx® Lung; and
- MBI has granted a first ranking lien in favour of Helomics™ in certain of MBI's property and assets, which shall be enforceable only in the event of or following an insolvency event of MBI.

While MBI's primary focus is the management of its commercialization partnership with Helomics™, as MBI has developed valuable commercial and clinical experience relating to test development and validation, it may in the future undertake operations to selectively license, acquire and further develop additional tests that align with its mission of providing personalized, clinically relevant information to improve patient treatment and reduce health care costs.

Should Helomics™ commercialize GeneFx® Lung, MBI believes that the key factors that will drive adoption of GeneFx® Lung will be the extent of, among other things: reimbursement by third-party payors; employment by Helomics™ of a focused and effective sales and marketing team; acceptance by clinicians of GeneFx® Lung using RNALater for specimen preservation; acceptance by healthcare providers of the clinical benefits of the test; and demonstration of the cost-effectiveness of using the test.

Upon the launch of GeneFx® Lung by Helomics™, the extent of royalty revenues received by MBI, and MBI's financial results, will be impacted by a number of factors, including establishment of coverage policies by third-party insurers and government payors; Helomics™'s ability in the short term to collect from third-party payors often requiring a case-by-case manual appeals process; and Helomics™'s ability to recognize revenues other than from cash collections on tests billed until such time as reimbursement policies or contracts are in effect and its success in international commercialization.

The GeneFx® Lung tests incorporate the intellectual property protected by two patents acquired by MBI from the University Health Network in Toronto. There were two other supplementary patent applications made at a later date. Helomics™ has advised MBI that these latter patents have been abandoned. Reviewing them suggests that they have little potential value in terms of advancing the science of genetic diagnostics. These applications were peripheral to the principal patents upon which GeneFx® Lung are based and it appears that the applications were made either to provide supplementary coverage and protection, i.e. ring fencing the core patents, or that the applications were a strategic maneuver. In either case they now have no practical value and accordingly have been abandoned.

In order to facilitate and expedite the accelerated approval and commercialization effort in Canada, MBI will provide whatever support it can to assist Helomics™ meet these objectives. We anticipate that MBI will adopt a more active role in the commercialization of GeneFx® Lung than was the case in the past.

A good working relationship has been established with Helomics™, and this will be strengthened by the development of related support and value added services utilizing MBI's Canadian base. This relationship, together with ongoing open communications with Helomics™ and other stakeholders, will benefit all parties, and in particular the shareholders of MBI.

MBI's business and prospects should be considered in light of the risks and uncertainties known or anticipated to relate to it and also those frequently encountered by companies commercializing tests in the molecular diagnostics industry. The successful commercialization of GeneFx® Lung by Helomics™ is highly uncertain. MBI cannot, with certainty, estimate or know the nature, timing and expense of the efforts necessary for Helomics™ to commercialize GeneFx® Lung, or the period in which material net cash inflows are expected to commence from, GeneFx® Lung.

RESULTS OF OPERATIONS

For the three and six months ended June 30, 2016 and 2015

Including certain expenses accrued but not incurred, as further described below, MBI recorded a loss of $22,000 ($0.00 per share) for the three months ended June 30, 2016 compared to a loss of $123,395 ($0.00 per share) for the three months ended June 30, 2015. The Company did not generate any revenue during the periods ended June 30, 2016 and 2015. The results are consistent with management's expectations for the periods.

Including certain expenses accrued but not incurred, as further described below, MBI recorded an income of $8,165 ($0.00 per share) for the six months ended June 30, 2016 compared to a loss of $188,372 ($0.00 per share) for the six months ended June 30, 2015. The Company did not generate any revenue during the six-month period ended June 30, 2016 and 2015. The income for the period ended June 30, 2016 was largely a result of a gain from accounts payable write-off for $47,699; whereas there were $83,484 share-based compensations costs and a loss on debt settlement of 42,742 for the period ended June 30, 2015. The results are consistent with management's expectations for the period.

Expenses

General and administrative expenses consist of personnel costs, consulting fees, public company costs, directors' fees, communications, facilities and office operations expenses, and professional fees.

Actual general and administrative expenses were $22,000 for the three months ended June 30, 2016 compared to $123,395 for the three months ended June 30, 2015. The decrease from the previous period is primarily attributable to a decrease in share-based compensation costs.

A summary of general and administrative expenses for the three months ended June 30, 2016 and 2015 is as follows:

	Three months ended June 30,	
	2016	**2015**
Share-based compensation	$ -	$83,484
Facilities and operations	3,109	3,109
Professional fees	18,547	22,762
Consulting fees	-	12,201
Public company costs	578	1,300
Communications	(234)	539
Foreign exchange gain	-	-
	$ 22,000	$ 123,395

Actual general and administrative expenses were 39,534 for the six months ended June 30, 2016 compared to $145,630 for the six months ended June 30, 2015. The decrease from the previous period is primarily attributable to a decrease in share-based compensation costs and a decrease in management and professional fees.

A summary of general and administrative expenses for the six months ended June 30, 2016 and 2015 is as follows:

	Six months ended June 30,	
	2016	**2015**
Share-based compensation expenses (recovery)	$ (777)	$ 83,484
Facilities and operations	6,095	6,160
Professional fees	27,756	35,989
Consulting fees	-	12,201
Public company costs	6,694	7,267
Communications	-	539
Foreign exchange gain	(234)	(10)
	$ 39,534	$ 145,630

MBI does not utilize derivative instruments. While MBI does incur expenses denominated in U.S. dollars, MBI purchases foreign currency as required on the spot market. At present, management believes that the timing and size of such U.S. dollar transactions does not warrant active hedging; however, as the business develops in the future, some limited hedging activity may be undertaken.

MBI invests its cash reserves in liquid and highly secure investments. MBI does not hold any investments in asset backed commercial paper. Presently all of MBI's cash reserves are held on deposit with a major Canadian chartered bank. MBI does not guarantee any third party obligations and has not entered into any off-balance sheet arrangements.

Other comprehensive income (loss)

Other comprehensive income (loss) results from the foreign exchange translation adjustments in MBI's condensed consolidated interim financial statements resulting from exchange rate differences between its functional currency, which is Canadian dollars, and its reporting currency, which is U.S. dollars.

SUMMARY OF QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED:

	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Revenue	$ -	$ -	$ -	$ -
Total expenses	22,000	(30,165)	158,187	26,739
Net income (loss)	(22,000)	30,165	(158,187)	(26,739)
Total assets	35,739	16,151	26,508	39,210
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Revenue	$ -	$ -	$ -	$ -
Total expenses	123,395	64,977	150,859	10,701
Net loss	(123,395)	(64,977)	(150,859)	(10,701)
Total assets	75,114	109,904	150,800	184,344
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)

CONTRACTUAL OBLIGATIONS

In April 2008 and February 2009, MBI entered into development and license agreements with UHN providing MBI with, among other things, exclusive world-wide rights to further develop and commercialize certain intellectual property underlying GeneFx® Lung. Under these agreements, MBI and UHN are collaborating in certain activities related to the development and validation of GeneFx® Lung and associated data analysis and in the collection of patient specimens to be used in such activities. The research and development expense for this project incurred since inception through to the current period is approximately $677,823. MBI is obligated to provide UHN with up to $829,222 in research funding and milestone payments (approximately 90% of which relate to launch and post-launch commercialization milestone payments) along with royalties based on revenues from GeneFx® Lung.

MBI has $55,830 in accounts payable, accrued liabilities and due to related parties which are due to suppliers and service providers in the normal course of business. Such amounts include certain payments due and accruals made concerning UHN under MBI's license and development agreement with them, as discussed above. In April, 2011, MBI announced the closing of the Commercialization Agreement with Helomics™. The Commercialization Agreement provides to Helomics™ exclusive global rights to develop and commercialize GeneFx® Lung. Under the terms of the Commercialization Agreement, Helomics™ has paid to MBI within 120 days of closing license fees and research reimbursement of $2,292,589, half of which is credited against future royalties that may be owed to MBI by Helomics™. In addition, MBI is eligible to receive from Helomics™ up to $1.0 million in the following milestone payments, all of which are credited against future royalties that may be owed to MBI by Helomics™: following the commercial launch of GeneFx® Lung, amounts totaling $500,000 and, following the achievement of $5 million in net revenues from GeneFx® Lung, amounts totaling $500,000. MBI will receive royalty payments based on a percentage in the high single digits of Helomics™'s future net revenues associated with the commercialization of GeneFx® Lung or any other products incorporating MBI's technology, which amounts are subject to MBI's obligation to pay to UHN royalties of a

percentage in the high teens of the actual amounts received by MBI pursuant to the sublicensing of technology licensed by MBI from UHN. Helomics™ is responsible for all future costs associated with the development and commercialization of GeneFx® Lung. Helomics™ is also responsible for paying all future payments to UHN under MBI's license agreements with UHN (other than certain amounts owed by MBI to UHN as sublicensing royalties of which $222,816 was paid during the year ended December 31, 2011).

RELATED PARTY TRANSACTIONS

During the period ended June 30, 2016, the Company:

Incurred $4,513 (2015 - $4,857) for accounting fees to an officer of the Company;
Incurred $7,066 (2015 - $7,476) for accounting fees to a firm where a director of the Company is a partner; and

Related party transactions are reflected as part of general and administrative expense. Amounts owing to these related parties (including former management and directors of the Company) as at June 30, 2016 was $7,189 (December 31, 2015 - $6,709).These amounts are non-interest bearing and due on demand.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Accounting standards issued but not yet applied

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed consolidated interim financial statements.

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances**.**

Significant accounting policies (continued)

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016, MBI had cash totalling $28,696 and a working capital deficiency of $20,091, compared to cash of $22,991 and a working capital deficiency of $60,223 at December 31, 2015. During the year ended December 31, 2011, under the terms of the Commercialization Agreement, Helomics™ paid to MBI license fees and research reimbursement, being $2,292,589. Such amount paid by Helomics™ to MBI, not including research reimbursement allocated to such amount totaling over $1 million, subject to MBI's obligation to pay to UHN royalties of a percentage in the high teens pursuant to the sublicensing of technology licensed by MBI from UHN (paid $222,816 during the year ended December 31, 2011).

Cash used in operating activities was $27,084 for the six months ended June 30, 2016 compared to $81,360 for the six months ended June 30, 2015. The cash used in operating activities consisted mainly of company operating costs and professional fees and payments to third parties.

On January 13, 2015, the Company entered into a debt settlement agreement with the Chief Executive Officer ("CEO") and agreed to issue 2,652,520 common shares of the Company at a deemed price of $0.04 (CAD$0.05) per share, to settle payables of CAD$132,626 that were owed to the CEO at December 31, 2014. The common shares were issued February 21, 2015. The fair value of the common shares was CAD$185,676 (US$149,006) on February 21, 2015 when the shares were issued and as a result, a loss on settlement of debt of CAD$53,050 (US$42,742) was recorded during the period.

In March 2014, as a result of MBI's cash position, the former board announced that the management and the directors of MBI had voluntarily elected to defer their cash compensation (not including reimbursement of expenses in the ordinary course) to provide an extended runway for the Company pending the anticipated payment by Helomics™ of the first milestone payment under the

commercialization agreement. The cash compensation owing but not paid to management and directors was being accrued and was due and payable upon demand.

On September 4, 2014 former management and directors demanded payment and were paid $75,427 (CAD $83,225). The debt amount owing to former management and directors as of June 30, 2016 was $7,189.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Capital disclosure

The Company considers share capital, warrants and equity reserves as capital. The Company's objectives when managing its capital structure are to provide sufficient capital to advance the commercialization of its products, meet the Company's obligations as they come due, and provide for the potential acquisition of additional intellectual property rights related to products within the Company's strategic plans.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company monitors its capital structure and may make adjustments to it in light of changes in the Company's operating performance, changes in economic conditions and the risk characteristics of the underlying assets. When adjustments to the capital structure are considered appropriate, such changes may include the issuance of new shares, issuance of new debt, or re-purchasing of shares for cancellation.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the current period. The method used by the Company to manage its capital has been the issuance of new share capital. Management does not foresee any changes to this in the future, however this cannot be assured.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents and government contribution receivable. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash. These guidelines are periodically reviewed by the Company's audit committee and modified to reflect changes in market conditions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves the Company's annual operating and capital budgets as well as any material transactions outside the ordinary course of business. Management regularly reviews these budgets and maintains short-term cash flow forecasts. At June 30, 2016, the Company's current liabilities including accounts payable and due to related parties were $55,830 (December 31, 2015 - $86,731).

Market risk

Market risk is the risk that changes in foreign exchange rates, interest rates and equity prices will affect the Company's future cash flows or valuation of its financial instruments. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily expenses for consulting, research and development work incurred in US dollars. The Company believes that the results of operations and cash flows would be affected by a sudden change in foreign exchange rates, but would not impair or enhance its ability to pay its US dollar denominated obligations. The Company does not currently view its exposure to US dollars as a significant risk due to the limited volume of transactions it conducts in this currency.

The Company is subject to interest rate risk on its cash and cash equivalents and believes its results of operations, financial position and cash flows would not be significantly affected by a sudden change in market interest rates relative to the investment interest rates due to the short-term nature of the investments. Excess cash is invested in highly rated investment securities at fixed interest rates with varying terms to maturity but generally with maturities of nine months or less from the date of purchase.

As at June 30, 2016, the Company held no cash equivalents. The Company does not invest in equity instruments of other corporations.

Changes in the Company's share price could impact its ability to raise additional capital.

Fair value hierarchy

Financial instruments recognized at fair value on a recurring basis on the condensed consolidated interim statements of financial position must be classified into one of the three following fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset and liability;

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The Company's financial instrument carrying amounts and fair values by levels per the fair value hierarchy are as follows:

	Fair Value Level	June 30, 2016	December 31, 2015
Financial assets			
Cash	1	$ 28,696	$ 22,991

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited condensed consolidated interim financial statements and the annual audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

RISKS AND UNCERTAINTIES

Prospects for companies in the life science industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in such companies should be regarded as highly speculative. Readers should carefully consider the risk factors and other information included herein. The risks and uncertainties described herein are not the only ones applicable. Additional risks and uncertainties not presently known to MBI or currently deemed immaterial may also impair the financial results of MBI. If any of the risks referred to herein or incorporated by reference herein actually occur, MBI's business, financial condition or results of operations could be materially adversely affected.

MBI is a development-stage company with a limited operating history, no marketed tests and substantial losses predicted for the foreseeable future.

MBI's predecessor was founded in October 2002 and was amalgamated with MBI in April 2006. As such, MBI has a limited operating history and has not earned any profits to date. Since MBI's inception through June 30, 2016, it has incurred cumulative losses from operations of $14,099,880. To date, MBI has not achieved, and it may never achieve, revenues sufficient to offset expenses. MBI expects to devote substantially all of its resources to managing the commercialization partnership with Helomics™ relating to GeneFx® Lung.

Because of the numerous risks and uncertainties associated with Helomics™ developing and commercializing GeneFx® Lung, MBI is unable to predict the extent of any future losses or when it will become profitable, if ever. MBI may never become profitable and shareholders may never receive a return on an investment in MBI's common shares. An investor in MBI's common shares must carefully consider the substantial challenges, risks and uncertainties inherent in the attempted development and commercialization of tests in the medical diagnostic industry. Helomics™ may never successfully commercialize GeneFx® Lung and MBI's business may fail.

There are no assurances that MBI will be able to maintain operations until receipt of sufficient licensing revenues from Helomics™ in connection with the commercialization of GeneFx® Lung. If unsuccessful in this respect, MBI may be forced to cease operations.

In order for MBI to maintain operations following the closing of the Commercialization Agreement, MBI will need to retain enough cash resources to allow it to maintain operations for a sufficient period of time until expected licensing revenue from Helomics™ in connection with the commercialization of GeneFx® Lung will be greater than MBI's operational costs. MBI cannot, with certainty, estimate or know the timing and extent of receipt of licensing revenues from GeneFx® Lung or the exact cash resources required by MBI to maintain operations until sufficient licensing revenues are received by MBI, if at all. Until MBI can generate licensing revenues sufficient to finance its cash requirements, if at all, it will need to raise additional external funds through the sale of equity or debt securities or the merger or sale of

MBI. The sale of such additional equity and debt securities may result in substantial dilution to the Shareholders or may not be available, if at all, in amounts or on terms acceptable to MBI. If additional capital is require and not obtained, MBI will be forced to cease operations.

If GeneFx® Lung commercialization and development timelines fall short of MBI or Helomics™'s forecasts or market expectations, MBI's common share price may decline.

Periodically, MBI or Helomics™ may forecast the timing of various commercial, scientific, clinical and regulatory accomplishments, including, among other things, the commercialization of GeneFx® Lung, the commencement of marketing GeneFx® Lung, the timing and amounts of licensing revenues to MBI, the conducting of additional studies concurrently with or following the launch of GeneFx® Lung and the adequacy of Helomics™'s financial resources to fund their commercialization and development programs. All of these forecasts are based on a variety of assumptions, most of which are beyond MBI or Helomics™'s ability to control. Actual results are likely to vary relative to such forecasts and, in many cases, could vary dramatically. If Helomics™ does not achieve these forecasts as publicly announced, MBI's common shares may decline.

MBI's near-term financial success and the market price of the common shares will depend upon Helomics™'s successful commercialization of one test, GeneFx® Lung, and MBI will need to generate sufficient revenues from this to achieve profitability.

For the foreseeable future, MBI expects to derive substantially all of its revenues, if any, from sales by Helomics™ of one test, GeneFx® Lung. There can be no assurances that Helomics™ will commercialize the test within an acceptable time period, if at all. If Helomics™ is unable to successfully commercialize GeneFx® Lung, MBI's future licensing revenues and ability to achieve profitability will be impaired, and the market price of the common shares could decline significantly.

The long-term commercial success of GeneFx® Lung will depend largely upon the extent to which government payors, such as Medicare and Medicaid, and other third-party payors reimburse the test.

The long-term commercial success of GeneFx® Lung will depend largely upon the extent to which government payors, such as Medicare and Medicaid, and other third-party payors reimburse the test. In the United States, payors generally require evidence of both analytical and clinical validity (i.e. reliability of test results associated with the target disease) as well as clinical utility (i.e. whether the test results affect actual clinical decision-making and, possibly, improve patient outcomes) before reimbursing for a molecular diagnostic test.

Helomics™ believes that it has sufficient evidence of the clinical validity of GeneFx® Lung from peer-reviewed publications that demonstrate the prognostic power of the test.

The evidentiary requirements of payors in the United States relating to the clinical utility of high-value molecular diagnostic tests, which includes GeneFx® Lung, has varied over the last couple of years as among the numerous Medicare contract administrators who make coverage determinations within their jurisdictions, and as among other third-party payors. Also, specific payors have recently declined coverage of some molecular diagnostic tests citing a lack of evidence of clinical utility in the submissions.

In advance of the commercial launch of GeneFx® Lung, Helomics™ plans to engage in further dialogue with payors to better understand the current landscape and the specific needs of relevant payors as they apply to GeneFx® Lung and will incorporate this into their launch strategy in order to ensure that efforts are aimed to provide clinical utility data that satisfies payors' requirements. As such, the timing of the commercial launch of GeneFx® Lung will be established by Helomics™ in light of these considerations. There is uncertainty concerning third-party payor reimbursement of any test, including GeneFx® Lung. If Helomics™ is unable to obtain reimbursement approval from private payors and Medicare and

Medicaid programs for GeneFx® Lung, or if the amount reimbursed is inadequate, MBI's ability to generate licensing revenues from GeneFx® Lung could be limited. Even if Helomics™ is being reimbursed, insurers may withdraw their coverage policies or cancel their contracts with Helomics™ at any time, stop paying for MBI's test or reduce the payment rate for the test, which would reduce MBI's licensing revenue. Moreover, Helomics™ may depend upon a limited number of third-party payors for a significant portion of their revenues from GeneFx® Lung and if these or other third-party payors stop providing reimbursement or decrease the amount of reimbursement for the test, MBI's licensing revenues could decline.

Helomics™ may conduct additional studies respecting GeneFx® Lung. If such studies fail to produce positive results or are delayed, or if Helomics™ is required to conduct additional studies prior to marketing or continuing to market GeneFx® Lung, the commercialization of GeneFx® Lung may not occur, be terminated or be negatively affected, MBI's business will be harmed and it may cease operations and the market price of the common shares could significantly decline.

On June 1, 2013, Helomics™ presented data regarding GeneFx® Lung at the American Society of Clinical Oncology Annual Meeting in Chicago, Illinois. The presentation was titled "Performance of a Prognostic Genomic Signature for Early-Stage NSCLC in Matched Fresh Frozen and RNA-Stabilized Tissue" and detailed the successful completion of the previously announced clinical studies to validate the use of GeneFx® Lung with tissue preserved by RNAlater®, a molecular fixative.

RNAlater eliminates the need to flash-freeze specimens and to keep specimens frozen throughout storage and transport, a process that can be cumbersome and costly. It also eliminates the need for preserving tissue in formalin, which is known to cross-link and degrade the nucleic acids rendering them less suitable for specific downstream molecular applications.

Helomics™ is also obligated under the Commercialization Agreement to use reasonable efforts to develop and validate GeneFx® Lung for use with patient specimens preserved by formalin fixation, paraffin embedding (FFPE), and may commence studies to validate the utility of GeneFx® Lung in quantifying a patient's mortality risk and likelihood of chemotherapy benefit, potentially including a prospective and randomized clinical trial. MBI believes that the completion of such studies, to the extent positive, will allow for wider-scale adoption and usage of GeneFx® Lung.

If such studies fail to produce positive results or are delayed, or if Helomics™ is required to conduct additional studies prior to marketing or continuing to market GeneFx® Lung, the commercialization of GeneFx® Lung may not occur, be terminated or be negatively affected, MBI's business will be harmed and it may cease operations and the market price of the common shares could significantly decline.

Helomics™ may take longer than expected to achieve successful integration of GeneFx® Lung into their business and such integration may not result in the benefits that MBI expects, if at all.

Successful integration of MBI's GeneFx® Lung technology and test into Helomics™' business will depend upon their management's ability to manage their operations effectively and to leverage their commercial and clinical experience and infrastructure relating to test development, laboratory operations, sales, marketing, reimbursement and regulatory compliance. Helomics™ may take longer than expected to achieve successful integration of GeneFx® Lung into their business and such integration may not result in the benefits that MBI expects, if at all.

Helomics™' sales and marketing force will need to be trained to understand and convey the potential benefits of GeneFx® Lung, and work with treating physicians who practice in the area of early-stage NSCLC in order to sell GeneFx® Lung. There can be no assurance that their sales or marketing efforts will be successful.

Helomics™ has a sales and marketing team who currently work with treating physicians in oncology to sell their flagship test, ChemoFx. Helomics™' sales and marketing force will need to be trained to understand and convey the potential clinical and health economic benefits of GeneFx® Lung, and work with treating physicians who practice in the area of early-stage NSCLC, in order to sell GeneFx® Lung. There can be no assurance that Helomics™' sales or marketing efforts will be successful and, if not successful, could have a material adverse effect on MBI's business or financial condition.

Should Helomics™ commercialize GeneFx® Lung, they may not gain acceptance among physicians, healthcare professionals and third-party payors, which could have a material impact on MBI's licensing revenues and business.

Should Helomics™ commercialize GeneFx® Lung as a clinical service in the United States and internationally, its success will depend upon the test being accepted in the market. The degree of market acceptance of the test by physicians, healthcare professionals and third-party payors will depend on a number of factors, including:

- acceptance of GeneFx® Lung using RNALater®, a molecular fixative, for patient specimen preservation;
- Helomics™' ability to provide acceptable evidence of clinical utility;
- successful integration into clinical practice;
- availability and advantages of alternative tests;
- effectiveness of Helomics™' sales and marketing efforts and strategies;
- pricing and positive health economics; and
- Helomics™' ability to obtain sufficient insurance coverage or reimbursement.

If GeneFx® Lung fails to gain market acceptance, MBI's ability to generate licensing revenue would be impaired, which could have a material impact on its business, financial condition and operations.

If Helomics™ is not able to offer GeneFx® Lung at a price that they or MBI deem appropriate, or if there is a general decrease in the prices of molecular diagnostics tests, then Helomics™ may need to lower its price, which could have a material adverse impact on MBI's licensing revenue and business.

If Helomics™ is able to commercialize GeneFx® Lung, we will receive revenue based upon a percentage of Helomics™'s net sales of GeneFx® Lung. The sales price at which Helomics™ offers GeneFx® Lung will, to a certain extent, depend upon the expected clinical utility and positive health economics of the test, along with the prices charged for other marketed molecular diagnostic tests. If Helomics™ is not able to offer GeneFx® Lung at a price that it deems appropriate, or if there is a general decrease in the prices of molecular diagnostics tests, then Helomics™ may need to lower its price, which could have a material adverse impact on MBI's licensing revenue and business, financial condition and operations.

Any significant delay or disruption in the operation of Helomics™' laboratories that perform GeneFx® Lung testing could have a material adverse impact on MBI's licensing revenues and its business.

Any significant delay or disruption in the operation of Helomics™' laboratories that perform GeneFx® Lung testing could result in a loss of licensing revenue to MBI. In addition, such laboratories may be subject to regulatory intervention, which could lead to interruptions and delays in performing the analysis

associated with the test and allowing Helomics™ to make the test results available to its customers. Any such delays or regulatory intervention could have a material adverse impact on MBI's licensing revenues and its business, financial condition and operations.

Helomics™ may need to raise additional capital to accomplish its objectives of commercializing GeneFx® Lung, and if it is unable to raise such capital as needed MBI's licensing revenues and business could be adversely affected.

If Helomics™ does not have sufficient cash resources, its ability to pursue the research and development and commercialization of GeneFx® Lung could be limited unless it is able to obtain additional capital through future debt or equity financings. There can be no assurance that they will be able to obtain financing if, and when, it is needed or that, if available, it will be available on terms that they deem acceptable. The credit markets and the financial services industry have been experiencing a period of unprecedented turmoil and instability characterized by the bankruptcy, failure, collapse or sale of various financial institutions and increasing levels of intervention from governments. These events have generally made equity and debt financing more difficult to obtain. As a result, Helomics™ may be unable to pursue its research and development or commercialization activities under the Commercialization Agreement, which could have a material adverse impact on MBI's licensing revenues and its business, financial condition and operations.

Many of Helomics™' competitors have financial, marketing and human resource assets greater than theirs, and there can be no assurance that Helomics™ can successfully compete with such competitors or that such competition will not have a materially adverse effect on MBI's licensing revenues.

The technologies associated with the molecular diagnostics industry are evolving rapidly and there is intense competition within such industry. Certain molecular diagnostics companies have established technologies that may be competitive to GeneFx® Lung. Some of these tests may use different approaches or means to obtain diagnostic results, which could be more effective or less expensive than tests for similar indications. Moreover, these and other future competitors have or may have considerably greater resources than Helomics™ does in terms of technology, sales, marketing, commercialization and capital resources.

These competitors may have substantial advantages over Helomics™ in terms of research and development expertise, experience in clinical studies, experience in regulatory issues, brand name exposure and expertise in sales and marketing as well as in operating central laboratory services. Many of these organizations have financial, marketing and human resources greater than Helomics™'; therefore, there can be no assurance that Helomics™ can successfully compete with present or potential competitors or that such competition will not have a materially adverse effect on MBI's licensing revenues.

If Helomics™ is unable to adequately prosecute MBI's patent rights relating to GeneFx® Lung, its competitive position could be impaired and MBI's licensing revenues and business could be negatively impacted.

Under the Commercialization Agreement, Helomics™ has agreed that it will have the sole obligation, at its expense, to assume responsibility for, obtain, prepare, file, prosecute and maintain throughout the world MBI's patent rights relating to GeneFx® Lung. Helomics™ may cease prosecuting or maintaining particular applications or patents in selected jurisdictions, if Helomics™ determines that it is not reasonable to continue such efforts.

MBI's commercial success depends in part on Helomics™' ability to adequately prosecute MBI's patent rights relating to GeneFx® Lung and obtain other related patents or rights to patents and maintain their validity, protect relevant their trade secrets and effectively enforce MBI's proprietary rights or patents against infringers.

Although MBI has filed, or has licenses to, patent applications in respect of the technology underlying GeneFx® Lung, including an exclusive license to two pending U.S. patent applications, one of which has a corresponding pending application under the Patent Cooperation Treaty in respect of certain of MBI's technology, there are no guarantees that such patent applications will result in issued patents, that any patents that might issue will protect MBI's GeneFx® Lung technology. Moreover, there can be no assurance that a patent granted to MBI or in respect of which we hold a license will make the test more competitive, that third parties will not contest the protection granted by the patent, or that the patents of third parties will not be detrimental to Helomics™' commercial activities. Helomics™' failure or inability to protect MBI and its trade secrets and proprietary know-how could impair Helomics™' competitive position.

There is no guarantee that other companies will not independently develop tests similar to GeneFx® Lung, that they will not imitate the test or that competitors will not produce tests designed to circumvent MBI's proprietary rights. Certain of the genes utilized in the signature underlying GeneFx® Lung may be covered by patents or patent applications of other parties. Accordingly, Helomics™ may also need to obtain rights for other technologies belonging to third parties. There is no guarantee that such technologies belonging to third parties will be offered to Helomics™ on acceptable terms. If Helomics™ does not obtain such licenses, the commercialization of GeneFx® Lung could be delayed or negatively impacted.

Helomics™ has assumed responsibilities for obtaining regulatory approvals for GeneFx® Lung. The industry in which Helomics™ operates is highly regulated and the failure or delay in obtaining and maintaining regulatory approvals could adversely affect its ability to commercialize GeneFx® Lung.

Under the Commercialization Agreement, Helomics™ has assumed all regulatory responsibilities, including obtaining appropriate regulatory approvals in connection with development and commercialization of GeneFx® Lung at its sole cost and expense.

The industry in which Helomics™ operates is highly regulated. Ultimate commercial success may be dependent upon their ongoing ability to obtain the necessary regulatory approvals for GeneFx® Lung. To date, neither MBI nor Helomics™ has submitted for, nor received, any regulatory certificates or approvals required to commercialize GeneFx® Lung. The task of obtaining appropriate regulatory clearance or approval for tests may be time consuming. Helomics™ will be required to demonstrate through clinical studies that GeneFx® Lung are effective for its intended purpose. There is no guarantee that the test will meet the applicable regulatory standard. The regulatory clearance or approval process may also require the expenditure of substantial resources, is uncertain and subject to delays. In addition, approval by a regulatory authority in one country does not ensure the approval by regulatory authorities of other countries. Failure or delays in obtaining regulatory clearances or approvals could adversely affect Helomics™' ability to commercialize the test and MBI's ability to generate licensing revenue.

If Helomics™' clinical reference laboratory is found to not be in compliance with CLIA or state requirements, the commencement or continuation of their clinical services of GeneFx® Lung will be affected and MBI's business could be harmed.

Helomics™ is planning to offer GeneFx® Lung as a clinical service in their clinical reference laboratory. As such, Helomics™ will be required to maintain certain federal, state and local licenses, certifications and permits to continue to conduct its business. Under CLIA, Helomics™ will be required to hold a certificate applicable to the type of work they perform and to comply with standards covering personnel, facilities administration, quality systems and proficiency testing.

If Helomics™ is found to not meet the CLIA requirements, it generally will be given the opportunity to cure any deficiencies. If Helomics™ is unable to cure such deficiencies within the time period mandated

by the third party or state agency, or if the deficiencies are considered very serious, then they may be required to cease providing clinical services, among other possible sanctions.

In addition to federal certification requirements of laboratories under CLIA, Helomics™ maintains for its clinical reference laboratory licenses under the laws of a number of states, including California, New York, Florida, Maryland, Pennsylvania and Rhode Island. Helomics™ will not be able to continue its clinical services on patient specimens originating from these named states unless it maintains the applicable licensure. If it does not maintain such licenses, MBI's business could be harmed.

If the U.S. Food and Drug Administration were to begin regulating genomic tests, including GeneFx® Lung, Helomics™ could be forced to delay commercialization of GeneFx® Lung, incur substantial costs and time delays associated with meeting requirements for pre-market clearance or approval and/or experience decreased demand for or reimbursement of the test.

Clinical laboratory tests like GeneFx® Lung are regulated in the United States under CLIA as well as by applicable state laws. Diagnostic kits that are sold and distributed through interstate commerce are regulated as medical devices by the U.S. Food and Drug Administration ("FDA"). Clinical laboratory tests that are developed and validated by a laboratory for its own use are called laboratory developed tests, or LDTs. Most LDTs currently are not subject to FDA regulation, although reagents or software provided by third parties and used to perform LDTs may be subject to regulation.

MBI and Helomics™ expects that, upon the commencement of commercialization, GeneFx® Lung will be an LDT and not a diagnostic kit. As a result, MBI and Helomics™ believe that GeneFx® Lung should not be subject to regulation under current FDA policies, however there is no assurance that it will not be subject to such regulation in the future. The container Helomics™ expects to provide for collection and transport of tumour samples from a pathology laboratory to its clinical reference laboratory may be a medical device subject to FDA regulation and while MBI and Helomics™ expect that it will be exempt from pre-market review by FDA, there is no certainty in that respect.

MBI and Helomics™ cannot provide any assurance that FDA regulation, including pre-market review, will not be required in the future for GeneFx® Lung, either through new policies adopted by the FDA or new legislation enacted by the United States Congress. It is possible that legislation will be enacted into law and may result in increased regulatory burdens for Helomics™ to offer or continue to offer GeneFx® Lung as a clinical laboratory service.

If pre-market review is required, MBI's business could be negatively impacted until such review is completed and clearance to market or approval is obtained, and the FDA could require that Helomics™ stop selling GeneFx® Lung pending pre-market clearance or approval. If GeneFx® Lung is allowed to remain on the market but there is uncertainty about the regulatory status of the test or if it is deemed investigational by the FDA, orders or reimbursement may decline. The regulatory clearance or approval process may involve, among other things, successfully completing additional clinical studies and submitting a pre-market clearance notice or submitting a premarket approval application ("PMA"), to the FDA. If pre-market review is required by the FDA, there can be no assurance that GeneFx® Lung will be cleared or approved on a timely basis, if at all. Ongoing compliance with FDA regulations, such as the Quality System Regulation and Medical Device Reporting, would increase the cost of conducting Helomics™' business, and subject Helomics™ to inspection by the FDA and to the requirements of the FDA and penalties for failure to comply with these requirements. Helomics™ may also decide voluntarily to pursue FDA pre-market review of GeneFx® Lung if they determine that doing so would be appropriate. Some competitors may develop competing tests cleared for marketing by the FDA. There may be a marketing differentiation or perception that an FDA-cleared test is more desirable than GeneFx® Lung, and that could discourage adoption and reimbursement of the test.

Should any of the reagents obtained by Helomics™ from vendors and used in conducting our GeneFx® Lung clinical laboratory service be affected by future regulatory actions, the Helomics™ and MBI's businesses could be adversely affected by those actions, including increasing the cost of testing or delaying, limiting or prohibiting the purchase of reagents necessary to perform testing.

If the FDA decides to regulate GeneFx® Lung, it may require that Helomics™ conduct extensive pre-market clinical studies prior to submitting a regulatory application for commercial sales. If Helomics™ is required to conduct pre-market clinical studies, whether using retrospectively collected and banked samples or prospectively collected samples, delays in the commencement or completion of clinical studies could significantly delay commercialization. Many of the factors that may cause or lead to a delay in the commencement or completion of clinical studies may also ultimately lead to delay or denial of regulatory clearance or approval.

The commencement of clinical studies may be delayed due to insufficient patient enrolment, which is a function of many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites and the eligibility criteria for the clinical trial. Helomics™ may find it necessary to engage contract research organizations to perform data collection and analysis and other aspects of its clinical studies, which might increase the cost of the studies. Helomics™ may also depend on clinical investigators, medical institutions and contract research organizations to perform the studies properly. If these parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if the quality, completeness or accuracy of the clinical data they obtain is compromised due to the failure to adhere to Helomics™' clinical protocols, FDA requirements or for other reasons, Helomics™' clinical studies may have to be extended, delayed or terminated. Many of these factors would be beyond Helomics™' control. Helomics™ may not be able to enter into replacement arrangements without undue delays or considerable expenditures. If there are delays in testing as a result of the failure to perform by third parties, Helomics™' research and development costs would increase, and they may not be able to obtain regulatory clearance or approval for the test. In addition, Helomics™ may not be able to establish or maintain relationships with these parties on favourable terms, if at all. Each of these outcomes would harm Helomics™' ability to market the test and MBI's ability to generate licensing revenues from sales of the test.

If product liability lawsuits regarding GeneFx® Lung are successfully brought against MBI or Helomics™, MBI or Helomics™ may incur significant liabilities and may be required to cease the commercialization of GeneFx® Lung or operations.

Clinical studies involve the testing of experimental or approved drugs or biological products on human beings. These studies involve a risk of liability for side effects in subjects due to the drug or biological product being tested or as a result of negligence or error. GeneFx® Lung, however, is intended for in vitro diagnostic use and, as such, potentially have less product liability exposure as compared to the testing of therapeutic drug candidates. If product liability lawsuits regarding GeneFx® Lung are successfully brought against MBI or Helomics™: (a) Helomics™ may incur significant liabilities and may be required to cease the commercialization of GeneFx® Lung; and (b) MBI may incur significant liabilities to the extent that Helomics™ does not, or cannot as a result of limited financial resources, indemnify MBI in respect of such liabilities as may be required under the Commercialization Agreement and may be required to cease operations.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Substantially all of MBI's expenses are currently denominated in Canadian dollars, while a portion of its expenses are denominated in foreign currencies, primarily in U.S dollars. Fluctuations in exchange rates, particularly those involving the U.S. dollar, may affect MBI's costs. Where MBI's operations conducted in Canadian dollars are reported in U.S. dollars, such fluctuations could result in changes in reported

results which do not reflect changes in the underlying operations. As substantially all of its current expenses are denominated in Canadian dollars, any potential future appreciation of the Canadian dollar against the U.S. dollar could adversely affect MBI's results of operations. The fluctuation of foreign exchange rate affects the value of these monetary assets and liabilities denominated in U.S. dollars. Generally, an appreciation of the Canadian dollar against the U.S. dollar results in a foreign exchange loss for monetary assets denominated in U.S. dollars, and a foreign exchange gain for monetary liabilities denominated in U.S. dollars. On the contrary, a devaluation of the Canadian dollar against the U.S. dollar results in a foreign exchange gain for monetary assets denominated in U.S. dollars and a foreign exchange loss for monetary liabilities denominated in U.S. dollars. MBI has not entered into any hedging transactions to reduce its exposure to foreign currency exchange risk. While MBI may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and it may not be able to successfully hedge all or part of its exposure or at all.

MBI's common shares have historically been thinly traded and shareholders may be unable to sell at or near ask prices or at all if they desire to liquidate their shares.

MBI's common shares are currently listed on the TSX Venture Exchange and have historically been "thinly-traded", meaning that the number of persons interested in purchasing its common shares at or near bid prices at any given time may be relatively small. This situation is attributable to a number of factors, including the fact that MBI is currently a pre-revenue-stage company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if MBI came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow a pre-revenue-stage company such as MBI or purchase or recommend the purchase of MBI's common shares until such time as it generates revenue. As a consequence, there may be periods of several days or more when trading activity in MBI's common shares is minimal, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. MBI cannot give assurances that a broader or more active public trading market for our common shares will develop or be sustained. As a result, shareholders may be unable to sell their common shares at or above their purchase price if at all, which may result in substantial losses to them.

SHAREHOLDER'S EQUITY AND OUTSTANDING SHARE DATA

The authorized share capital of MBI consists of an unlimited number of common shares. MBI had outstanding common shares, stock options and warrants (exercise prices, which are in Canadian dollars, have been converted to U.S. dollars at the June 30, 2016 rate of U.S. $1.00 = C$1.29).

As at the date of this report, the Company had the following outstanding:

- 87,578,353 common shares
- Stock options:

Number of options	Exercisable	Exercise price	Expiry date
1,400,000	1,400,000	CAD $0.10	December 31, 2018
3,750,000	3,750,000	CAD $0.05	November 19, 2025
5,150,000	5,150,000		

- Warrants:

Number of warrants	Exercisable	Exercise price $	Expiry date
4,000,000	4,000,000	CAD 0.08	September 29, 2016
1,000,000	1,000,000	CAD 0.05	May 12, 2021
5,000,000	5,000,000		

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

None

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

CONTINGENCIES

There are no contingent liabilities.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the condensed consolidated interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the condensed consolidated financial statements.

OTHER MD&A REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

DIRECTORS AND OFFICERS

Dr. Iain Weir-Jones, *Chief Executive Officer, Chairman of the Board*
Dr. Terence W. Friedlander, M.D., *Director*
Toby Weir-Jones, *Director*
David Diebolt, *Director*
Shumsheer Sidhu, *Director*
Ibrahim Ghobrial, *Chief Financial Officer, Corporate Secretary*