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The Company's cash reserves will not be sufficient for the Company to fully fund the Company's ongoing research and development programs, operating activities, working capital or capital expenditures for the next twelve months. The Company has no sources of external liquidity, such as a bank loan or line of credit. The Company is therefore in need of additional equity and/or debt financings in order to fund its ongoing research and development programs and other operating expenses for the foreseeable future.

The failure of the Company to obtain additional financing on a timely basis may result in the Company reducing, delaying or cancelling one or more of its planned research and development, including any clinical trials, further reducing overhead, or monetizing non-core assets, any of which could impair the current and future value of the business or cause the Company to consider ceasing operations and undergoing liquidation.

### ***The Company faces risks in connection with competition and technological change;***

The biotechnology industry is subject to rapid and substantial technological change. Technological competition from pharmaceutical companies, biotechnology companies and university researchers is intense and is expected to continue to be intense.

The rapid advancement of immunotherapies has and likely will continue to significantly change the treatment of cancer and may result in a reduction, which may be significant, in the potential patient population and/or treatment protocols available to chemotherapies and other treatments currently in development, such as the Company's primary drug product candidate, L-DOS47. Developments in immunotherapies have resulted in the Company repositioning its L-DOS47 lead drug product candidate away from a front-line monotherapy protocol towards second and third-line combination therapies with existing chemotherapy drugs and possibly in combination with immunotherapies resulting in additional expenditures and delays in previously anticipated development timelines for L-DOS47. Advancements in technology can impact the Company at any time and as such, any further repositioning, would likely result in additional expenses being incurred by the Company and in further delays in the anticipated development timeline for L-DOS47, or in the Company determining that its L-DOS47 drug product candidate is no longer viable. The Company is currently heavily dependent on the success of its lead drug product candidate L-DOS47 which is the only drug candidate currently in clinical development.

The Company cell-based therapies initiative may face significant hurdles. The Company's effort is mainly at research proof-of-concept stage. It is possible that the selected targets or choice of antibodies are not optimal. This can delay the initiation of formal preclinical and clinical development significantly. The Company has chosen to develop cell-based therapy for solid tumour. While there are many successful examples of cell-based therapy treatment in hematological malignancies, similar success in solid tumour is less certain.

Many of the Company's competitors have substantially greater financial, technical and human resources and significantly greater experience in conducting preclinical testing and human clinical trials of product candidates, scaling up manufacturing operations and obtaining regulatory approvals of products. Accordingly, the Company's varying competitors may succeed in obtaining regulatory approval for products more rapidly. The Company's ability to compete successfully will largely depend on:

- the efficacy and safety profile of our product candidates relative to marketed products and other product candidates in development;
- our ability to develop and maintain a competitive position in the product categories and technologies on which we focus;
- the time it takes for our product candidates to complete clinical development and receive marketing approval;
- our ability to obtain required regulatory approvals;
- our ability to commercialize any of our product candidates that receive regulatory approval;
- our ability to establish, maintain and protect intellectual property rights related to our product candidates; and
- acceptance of any of our product candidates that receive regulatory approval by physicians and other healthcare providers and payers.

Competitors have developed and may develop technologies that could be the basis for products that challenge the differentiated nature and potential for best-in-class product development programs and discovery research capabilities of the DOS47 platform technology. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than our product candidates and may be more effective or less costly than our product candidates. The success of our competitors and their products and technologies relative to our technological capabilities and competitiveness could have a material adverse effect on the future preclinical studies and clinical trials of our product candidates, including our ability to obtain the necessary regulatory approvals for the conduct of such clinical trials. This may further negatively impact our ability to generate future product development programs with improved pharmacological properties.

With the recent FDA approval of pembrolizumab (Keytruda®) as first line treatment for NSCLC with PD-L1>1%, either as first line or in combination with carboplatin/pemetrexed, there is an urgent need for data to demonstrate the safety of L-DOS47 in combination with accepted standard chemotherapies, and also in combination with immunotherapies that are being offered with growing frequency. In addition, the rapidly evolving treatment landscape and growing prominence of immunotherapies, along with the infrequent use of vinorebine/cisplatin chemotherapy combination in the U.S., the potential relevance of data from the Company's LDOS003 study may be limited.

If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will substantially suffer.

***The Company is conducting early stage research and development initiatives for products under development which may not be accepted by the market and may never generate revenue and the Company has limited sales, marketing and distribution experience***

The Company is conducting early stage research and development initiatives and is currently in the process of developing new products that require further time consuming and costly research and development. It will be a number of years, if ever, before its products in development begin to generate revenues, if at all. There can be no assurance that any of the drug product candidates will ever be successfully developed or commercialized.

Even with regulatory approval, the Company may not achieve market acceptance, which depends on a number of factors, including the establishment and demonstration in the medical community of the clinical utility of the Company's products, and their potential advantage over alternative treatment methods. There is also the risk that the actual market size or opportunity for the Company's drug candidates is not certain. Failure to gain market acceptance of either of the Company's products currently under development or an incorrect estimate in the nature and size of their respective markets could have a material adverse effect on the Company.

The Company has limited sales, marketing and distribution experience, and there is no assurance that the Company will be able to establish adequate sales, marketing, and distribution capabilities or make arrangements with any collaborators, strategic partners, licensees, or others to perform such activities, or that such efforts will be successful. The Company's objective for its drug candidate products is to enter into strategic alliances with appropriate pharmaceutical partners. There can be no assurance that any such strategic alliance will be maintained or achieved, or if achieved, that it will result in revenue to the Company.

***The timing of the Company's internal goals and projected timelines may not be met***

The Company sets internal goals for and makes public statements regarding its expected timing of meeting the objectives material to its success, including the commencement, duration and completion of clinical trials and anticipated regulatory approvals. The actual timing of these forward-looking events can vary dramatically due to a number of factors, including, without limitation, delays in scaling-up of drug product candidates, delays or failures in clinical trials, additional data requirements from the regulators, the Company failing to obtain required financing, and other risks referred to herein. Without limiting the generality of the foregoing, it is possible that required regulatory approvals may be delayed or denied, including those related to undertaking or continuing clinical trials, manufacturing of drug products, and marketing such products.

The Company has expressed certain estimated timelines for its European Phase I/II clinical trials for L-DOS47 in Poland, the U.S. Phase I study. The timeline for the European Phase I/II trials and any future timelines are contingent on the Company having adequate financing to complete the trials and the assumption that the trials will be completed according to the current schedules. A failure to obtain necessary financing or a change in the schedule of the trials (which may occur if certain cost-deferral measures are taken, or due to factors beyond the Company's reasonable control, such as scheduling conflicts, the occurrence of serious adverse events, interruption of supplies of study drugs, withdrawals of regulatory approvals, or slow patient recruitment) could delay their commencement or completion, or result in their suspension or early termination, which could have a material adverse effect on the Company.

***The Company faces intellectual property risks, including the loss of patent protection, the potential termination of licences, the inability to protect proprietary property, and possible claims of infringement against the Company or against a third-party from whom the Company licenses intellectual property***

The Company's success depends, in part, on its ability to secure and protect its intellectual property rights and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights owned or licensed by the Company. However, the Company cannot predict the enforceability of its patents or its ability to maintain trade secrets that may not be protected by patents. Patent risks include the fact that patent applications may not result in issued patents, issued patents may be circumvented, challenged, invalidated or insufficiently broad to protect the Company's products and technologies; blocking patents by third parties could prevent the Company from using its patented technology; it may be difficult to enforce patent rights, particularly in countries that do not have adequate legal enforcement mechanisms, and enforcing such rights may divert management attention and may cause the Company to incur significant

expenses; and any expiry of an issued patent may negatively impact the underlying technology.

To protect its trade secrets, the Company enters into confidentiality undertakings with parties that have access to them, such as the Company's current and prospective distributors, collaborators, employees and consultants, but a party may breach the undertakings and disclose the Company's confidential information or competitors might learn of the information in some other way, which could have a material adverse effect on the Company.

The Company uses processes, technology, products, or information, the rights to certain of which are owned by others, such as a license from the NRC of the lung antibody used by the Company for L-DOS47. Termination or expiry of any licenses or rights during critical periods, and an inability to obtain them on commercially favourable terms or at all could have a material adverse effect on the Company and its drug candidates' development.

The Company operates in an industry that experiences substantial litigation involving the manufacture, use and sale of new products that are the subject of conflicting proprietary rights. The Company or one or more of its licensors may be subject to a claim of infringement of proprietary rights by a third party. It is possible that the Company's products and technologies do infringe the rights of third parties, and the Company or such licensor could incur significant expenses, and diversion of management attention, in defending allegations of infringement of proprietary rights, even if there is no infringement. Furthermore, the Company or such licensors may be required to modify its products or obtain licenses for intellectual property rights as a result of any alleged proprietary infringement. The inability to modify products or obtain licenses on commercially reasonable terms, in a timely manner or at all, could adversely affect the Company's business.

***The Company faces research and development risks, including the need to prove the Company's drug candidates are safe and effective in clinical trials***

The Company's drug candidates are complex compounds and the Company faces difficult challenges in connection with the manufacture of clinical batches of each of them, which could further delay or otherwise negatively affect the Company's planned clinical trials, or required regulatory approvals.

There is also the risk that the Company could obtain negative findings or factors that may become apparent during the course of research or development. The results from preclinical and clinical trials may not be predictive of results obtained in any ongoing or future clinical trials. A number of companies in the biotechnology and pharmaceutical industry have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier trials and pre-clinical trials.

The timing and success of the Company's clinical trials also depend on a number of other factors, including, but not limited to: (a) obtaining additional financing, which is not assured; (b) sufficient patient enrolment, which may be affected by the incidence of the disease studied, the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites, the eligibility criteria for a patient to participate in the study and the rate of patient drop-out; (c) regulatory agency policies regarding requirements for approval of a drug, including granting permission to undertake proposed human testing; (d) the Company's capacity to produce sufficient quantities and qualities of clinical trial materials to meet the trial schedule; (e) performance by third parties, on whom the Company relies to carry out its clinical trials; and (f) the approval of protocols and/or protocol amendments.

Clinical trials are complex, expensive and uncertain, and have a high risk of failure, which can occur at any stage. Data obtained from pre-clinical and clinical trials may be interpreted in different ways, or be incorrectly reported, which could delay or prevent further development of the drug candidate studied. Failure to complete clinical trials successfully and to obtain successful results on a timely basis could have a material adverse effect on the Company.

Even if the Company's drug candidates successfully complete the clinical trials and receive the regulatory approval necessary to market the drug candidates to the public, there is also the risk of unknown side effects, which may not appear until the drug candidates are on the market and may result in delay or denial of regulatory approval or withdrawal of previous approvals, product recalls or other adverse events, which could materially adversely affect the Company.

While the Company continues to explore opportunities to expand its drug product pipeline with new DOS47-based therapeutics pending the identification of further tumour targeting agents, there can be no assurance that any such tumour targeting agents will be identified or that any new DOS47-based therapeutics will be developed.

***Difficulty in enrolling patients in the Company's clinical trials, could result in delays or cancellation of clinical trials***

As the Company's product candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, the Company will need to enroll an increasing number of patients that meet various eligibility criteria. There is significant competition for recruiting cancer patients in clinical trials, and the Company may be unable to enroll the patients it needs to complete clinical trials on a timely basis or at all. The factors that affect the Company's ability to enroll patients is largely uncontrollable and include, but are not limited to, the following:

- size and nature of the patient population;
- eligibility and exclusion criteria for the trial;
- design of the study protocol;
- competition with other companies for clinical sites or patients;
- the perceived risks and benefits of the product candidate under study;
- the patient referral practices of physicians; and
- the number, availability, location and accessibility of clinical trial sites.

***The Company is dependent on a number of third parties and the failure or delay in the performance of one of these third parties' obligations may adversely affect the Company***

The Company is dependent on third parties to varying degrees in virtually all aspects of its business, including without limitation, on contract research organizations, contract manufacturing organizations, clinical trial consultants, raw material suppliers, collaborative research consultants, regulatory affairs advisers, medical and scientific advisors, clinical trial investigators, business service providers and other third parties. Critical supplies may not be available from third parties on acceptable terms, or at all, including GMP grade materials. Service providers may not perform, or continue to perform, as needed, or be available to provide the required services on acceptable terms or at all. Any lack of or interruption in supplies of raw materials or services, or any change in supply or service providers or any inability to secure new supply or service providers, would have an adverse impact on the development and commercialization of the Company's products. For example, the Company has previously experienced delays in the manufacturing of both engineering and clinical batches of L-DOS47, which have in turn caused delays in the progression of its development program, and there may be further delays. The Company relies on a third party for its supply of urease and if the contract with the third-party urease supplier is terminated early, the Company will have to find a new supplier of urease, as well as a new manufacturer of bulk drug product for future clinical testing programs. There can be no assurance that a new supplier or manufacturer can be contracted in a timely manner or at all, and this could negatively impact the Company's development plans for L-DOS47.

With respect to L-DOS47, the Company is currently dependent on, in addition to third party suppliers, manufacturers and consultants, the NRC and its license to the Company of a lung cancer antibody in order to develop and commercialize L-DOS47. Early termination of the license with NRC would have a material adverse effect on the further development of L-DOS47 and may require the cessation of such development, which would have a material adverse effect on the Company.

Given the Company's lack of financing, expertise, infrastructure and other resources to support a new drug product from clinical development to marketing, the Company also requires strategic partner support to develop and commercialize its drug candidates. There can be no assurance that such strategic partner support will be obtained upon acceptable terms or at all.

The Company relies heavily on contract manufacturers for the production of product required for its clinical trials, product formulation work, scaling-up experiments and commercial production. The Company may not be able to obtain new, or keep its current, contract manufacturers to provide these services. Even if the Company does, contract manufacturers may not be reliable in meeting its requirements for cost, quality, quantity or schedule, or the requirements of any regulatory agencies. The Company may not be able to manufacture products in quantities or qualities that would enable the Company to meet its business objectives, and failure to do so would materially adversely affect the Company's business.

If the Company can successfully develop markets for its products, the Company would have to arrange for their scaled-up manufacture. There can be no assurance that the Company will, on a timely basis, be able to make the transition from manufacturing clinical trial quantities to commercial production quantities successfully or be able to arrange for scaled-up commercial contract manufacturing. Any potential difficulties experienced by the Company in manufacturing scale-up, including recalls or safety alerts, could have a material adverse effect on the Company's business, financial condition, and results of operations.

***The marketability of the Company's products may be affected by delays and the inability to obtain necessary approvals, and following any market approval, the Company's products will be subject to ongoing regulatory review and requirements which may continue to affect their marketability, including but not limited to regulatory review of drug pricing, healthcare reforms or the payment and reimbursement policies for drugs by the various insurers and other payors in the industry***

The research, development, manufacture and marketing of pharmaceutical products are subject to regulation by the FDA, and comparable regulatory authorities in other countries. These agencies and others regulate the testing, manufacture, safety and promotion of the Company's products. The Company must receive applicable regulatory approval of a product candidate before it can be commercialized in any particular jurisdiction. Approval by a regulatory authority of one country does not ensure the approval by regulatory authorities of other countries. Changes in regulatory approval policies or regulations during the development period may cause delays in the approval or rejection of an

application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application, or may decide that our data are insufficient for approval, or require additional preclinical, clinical or other trials and place the Company's IND submissions on hold for an indeterminate amount of time. The development and regulatory approval process in each jurisdiction takes many years, requires the expenditure of substantial resources, is uncertain and subject to delays, and can adversely affect the successful development and commercialization of our drug candidates.

Even if the Company obtains marketing approval in a particular jurisdiction, there may be limits on the approval and the Company's products likely will be subject to ongoing regulatory review and regulatory requirements in that jurisdiction. Pharmaceutical companies are subject to various government regulations, including without limitation, requirements regarding occupational safety, laboratory practices, environmental protection and hazardous substance control, and may be subject to other present and future regulations.

The availability of reimbursement by governmental and other third-party payors, such as private insurance plans, will affect the market for any pharmaceutical product, and such payors tend to continually attempt to contain or reduce the costs of healthcare. Significant uncertainty exists with respect to the reimbursement status of newly approved healthcare products.

***The Company operates in an industry that is more susceptible than others to legal proceedings and, in particular, liability claims***

The Company operates in an industry that is more susceptible to legal proceedings than firms in other industries, due to the uncertainty involved in the development of pharmaceuticals. Defense and prosecution of legal claims can be expensive and time consuming, and may adversely affect the Company regardless of the outcome due to the diversion of financial, management and other resources away from the Company's primary operations. Negative judgments against the Company, even if the Company is planning to appeal such a decision, or even a settlement in a case, could negatively affect the cash reserves of the Company, and could have a material negative effect on the development of its drug products.

The Company may be exposed, in particular, to liability claims which are uninsured or not sufficiently insured, and any claims may adversely affect the Company's ability to obtain insurance in the future or result in negative publicity regarding the efficacy of its drug products. Such liability insurance is expensive, its ability is limited and it may not be available on terms that are acceptable to the Company, if at all.

The use of any of the Company's unapproved products under development, the use of its products in clinical trials, and, if regulatory approval is received, the sale of such products, may expose the Company to liability claims which could materially adversely affect the Company's business. The Company may not be able to maintain or obtain commercially reasonable liability insurance for future products, and any claims under any insurance policies may adversely affect its ability to maintain existing policies or to obtain new insurance on existing or future products. Even with adequate insurance coverage, publicity associated with any such claim could adversely affect public opinion regarding the safety or efficacy of the Company's products. As a result, any product liability claim or recall, including in connection with products previously sold by the Company through its former distribution business, could materially adversely affect the Company's business.

***If the Company were unable to maintain product liability insurance required by our third parties, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.***

Some of our licensing and other agreements with third parties require or might require us to maintain product liability insurance. If the Company cannot maintain acceptable amounts of coverage on commercially reasonable terms in accordance with the terms set forth in these agreements, the corresponding agreements would be subject to termination, which could have a material adverse impact on the Company's operations.

***The Company is dependent upon key personnel; Director residency requirements***

The Company's ability to continue its development of potential products depends on its ability to attract and maintain qualified key individuals to serve in management and on the Board. However, the Company does not currently have a formal succession plan for members of its senior management team or for its Board and, because competition for qualified key individuals with experience relevant to the industry in which the Company operates is intense, the Company may not be able to attract and/or retain such personnel. Additionally, applicable corporate law requires that at least 25% of the Company's directors be resident Canadians, and the Company's articles provide that the Company cannot have fewer than five directors at any time.

Consequently, if the Company is unable to attract and/or loses and is unable to replace key personnel, its business could be negatively affected and, in particular, if the Company loses one or more of its three current resident Canadian directors in the future and is unable to find a sufficient number of resident Canadian directors to fill the resulting vacancy(ies), the

Board will be prevented from taking any action other than appointing additional resident Canadian directors until such time as a sufficient number of new resident Canadian directors have been appointed such that at least 25% of the Company's directors are resident Canadians.

In addition, the Company does not carry key-man insurance on any individuals.

***The Company's employees and consultants may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could have a material adverse effect on the Company's business.***

The Company is exposed to the risk of employee and consultant fraud or other misconduct. Misconduct by employees and consultants could include, but are not limited to the following: failure to comply with regulators, failure to provide accurate information, failure to comply with manufacturing standards the Company has established, jurisdictional healthcare fraud and abuse of laws and regulations, failure to report financial information or data accurately or disclose unauthorized activities. For example, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee and consultant misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to the Company's reputation. If any such actions are instituted against the Company, and the Company is not successful in defending itself or asserting its rights, those actions could have a substantial impact on the Company's business and operating results, including the imposition of substantial fines, halt in trading of the Company's common shares, possible delisting and/or other sanctions.

***Indemnification obligations to directors and officers of the Company may adversely affect the Company's finances***

The Company has entered into agreements pursuant to which the Company has agreed to indemnify its directors and senior management in respect of certain claims made against them while acting in their capacity as such. If the Company is called upon to perform its indemnity obligations, its finances may be adversely affected.

***The Company's finances may fluctuate based on foreign currency exchange rates***

The Company operates internationally and is exposed to foreign exchange risks from various currencies, primarily the U.S. dollar, the Euro and the Polish Zloty.

***Unanticipated changes in the Company's tax rates could affect its future results***

Since the Company operates in different countries and is subject to taxation in different jurisdictions, its future effective tax rates could be impacted by changes in such countries' tax laws or their interpretations. Both domestic and international tax laws are subject to change as a result of changes in fiscal policy, changes in legislation, evolution of regulation and court rulings. The application of these tax laws and related regulations is subject to legal and factual interpretation, judgment and uncertainty.

***Shareholders of the Company may face dilution through exercise of stock options, warrants and future equity financings***

To attract and retain key personnel, the Company has granted options to its key employees, directors and consultants to purchase common shares and share awards as non-cash incentives. In addition, the Company has a significant number of warrants to purchase common shares outstanding. The issuance of shares pursuant to share awards and the exercise of a significant number of such options and warrants may result in significant dilution of other shareholders of the Company.

As noted above, the Company needs additional funding and has historically turned to the equity markets to raise this funding. The future sale of equity and warrants may also result in significant dilution to the shareholders of the Company.

***The Company's share price and trading volumes are volatile and the Company may have difficulty maintaining listing requirements***

The price of the Company's common shares, as well as market prices for securities of biopharmaceutical and drug delivery companies generally, have historically been highly volatile, and have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies.

The trading price of the Company's common shares is subject to change and could in the future fluctuate significantly. The fluctuations could be in response to numerous factors beyond the Company's control, including: quarterly variations in results of operations; announcements of technological innovations or new products by the Company, its customers or competitors; changes in securities analysts' recommendations; announcements of acquisitions; changes in earnings

estimates made by independent analysts; general fluctuations in the stock market; or revenue and results of operations below the expectations of public market securities analysts or investors. Any of these could result in a sharp decline in the market price of the common shares.

The Internet offers various avenues for the dissemination of information. The Company has no control over the information that is distributed and discussed on electronic bulletin boards and investment chat rooms. The intention of the people or organizations that distribute such information may not be in the Company's best interest and the best interests of its shareholders. This, in addition to other forms of investment information including newsletters and research publications, could result in a sharp decline in the market price of the common shares.

In addition, stock markets have occasionally experienced extreme price and volume fluctuations. The market prices for high-technology companies have been particularly affected by these market fluctuations and such effects have often been unrelated to the operating performance of such companies. These broad market fluctuations may cause a decline in the market price of the common shares.

Sales of substantial numbers of the Company's common shares could cause a decline in the market price of such common shares. There are minimum listing requirements for an issuer to maintain its listing on the Toronto Stock Exchange ("TSX"), and if the Company fails to maintain these listing requirements, it may be involuntarily delisted from the TSX. De-listing the Company or the Company shares from any securities exchange could have a negative effect on the liquidity of the Company shares and/or the ability of a shareholder to trade in shares of the Company, and could have an adverse effect on the Company's ability to raise future equity financings. The Company's common shares trade in a very low volume compared to the number of common shares outstanding. This means a shareholder could have difficulty disposing of common shares, especially if there are other shareholders of the Company trying to sell their shares in the Company at the same time. Volatility in share price and trading volumes could have an adverse effect on the Company's ability to raise future equity financings.

***The requirements of being a public company may strain the Company's resources, divert management's attention and affect its ability to attract and retain qualified board members***

As a public company, the Company is subject to the reporting requirements of Canadian securities regulators, the listing requirements of the Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations may increase the Company's legal and financial compliance costs, may make some activities more difficult, time-consuming or costly and may increase the demand on the Company's systems and resources. Being a public company requires that the Company file continuous disclosure documents, including, among other things, annual and quarterly financial statements. Management's attention may be diverted from other business concerns, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may need to hire more employees in the future, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure create uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. The Company may invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If the Company's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory authorities, legal proceedings may be initiated against the Company and its business may be harmed.

***Trading in the Company's common shares outside of Canada may be subject to restrictions on trading under foreign securities laws, and purchasers of securities under private placements by the Company will be subject to certain restrictions on trading***

The Company's common shares trade on the TSX and are freely tradeable only in Canada. As such, shareholders trading the Company's common shares outside of Canada may be subject to restrictions imposed by foreign securities laws that may restrict their ability to transfer shares freely or at all. Certain securities offered by the Company pursuant to its private placements, including the unlisted warrants issued by the Company, are subject to certain initial hold periods and other restrictions on trading imposed by applicable securities laws and, in the case of the warrants, pursuant to the terms of the applicable warrant certificates. These restrictions may affect the liquidity of the investment of certain shareholders in the securities of the Company.

***General economic conditions may have an adverse effect on the Company and its business***

Continuing global economic volatility and uncertainty may have an adverse effect on the Company and its business, including without limitation the ability to raise additional financing, to obtain strategic partner support or commercialization opportunities and alliances for the Company's new drug candidates, and to obtain continued services and supplies.

***The Company's business involves environmental risks that could result in accidental contamination, injury, and significant capital expenditures in order to comply with environmental laws and regulations***

The Company and its commercial collaborators are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of materials and certain waste products. Although the Company believes that its safety procedures comply with the regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could exceed the resources of the Company. The Company is not specifically insured with respect to this liability. The Company (or its collaborators) may be required to incur significant costs to comply with environmental laws and regulations in the future; and the operations, business or assets of the Company may be materially adversely affected by current or future environmental laws or regulations.

***Any failure to maintain an effective system of internal controls may result in material misstatements of our consolidated financial statements or cause us to fail to meet our reporting obligations or fail to prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business, could negatively impact the price of our common shares and prevent the Company from raising additional capital.***

Effective internal controls are necessary for the Company to provide reliable financial reports and prevent fraud. If the Company fails to maintain an effective system of internal controls, the Company may not be able to report its financial results accurately or prevent fraud; and in that case, the Company's shareholders could lose confidence in our financial reporting, which would harm our business, negatively impact the price of the Company's common shares and also prevent the Company from raising additional capital. Even if we were to conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to achieve and maintain effective internal control over financial reporting could prevent the Company from complying with its reporting obligations on a timely basis, which could result in the loss of investor confidence in the reliability of the Company's consolidated financial statements, harm our business, negatively impact the trading price of our common shares and prevent the Company from raising additional capital.

## **RISK FACTORS IN OTHER PUBLIC FILINGS**

For all of the reasons set forth above, together with those additional risk factors identified under the headings "Forward-Looking Statements" and "Risk Factors" in the Company's most recent Annual Information Form filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), investors should not place undue reliance on forward-looking information. Other than any obligation to disclose material information under applicable securities laws, the Company undertakes no obligation to revise or update any forward-looking information after the date hereof.

Data relevant to estimated market sizes and penetration for the Company's lead products under development are presented in this MD&A. This data has been obtained from a variety of published resources including published scientific literature, websites and information generally available through publicized means. The Company attempts to source reference data from multiple sources whenever possible for confirmatory purposes. Although the Company believes the foregoing data is reliable, the Company has not independently verified the accuracy and completeness of this data.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company's fiscal year ended July 31, 2019, is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

October 23, 2018

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