UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 25, 2013

DELMAR PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Nevada	000-54801	99-0360497
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

Suite 720-999 West Broadway
Vancouver, British Columbia
Canada V5Z 1K5
(Address of principal executive offices) (zip code)

(604) 629-5989
(Registrant's telephone number, including area code)

Copies to:
Gregory Sichenzia, Esq.
Jeff Cahlon, Esq.
Sichenzia Ross Friedman Ference LLP
61 Broadway
New York, New York 10006
Phone: (212) 930-9700
Fax: (212) 930-9725

36 Mclean Street, Red Bank, NJ 07701
(Former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On January 25, 2013 (the "Closing Date"), DelMar Pharmaceuticals, Inc. (the "Company") entered into and closed an exchange agreement (the "Exchange Agreement"), with Del Mar Pharmaceuticals (BC) Ltd., a British Columbia corporation ("DelMar (BC)"), 0959454 B.C. Ltd., a British Columbia corporation and a wholly-owned subsidiary of the Company ("Callco"), 0959456 B.C. Ltd., a British Columbia corporation and a wholly-owned subsidiary of the Company ("Exchangeco"), and securityholders of DelMar (BC). Pursuant to the Exchange Agreement, (i) the Company issued 4,340,417 shares of common stock (the "Parent Shares") to the shareholders of DelMar (BC) who are United States residents (the "U.S. Holders") in exchange for the transfer to Exchangeco of all 4,340,417 outstanding common shares of DelMar (BC) held by the U.S. Holders, (ii) the shareholders of DelMar (BC) who are Canadian residents (the "Canadian Holders") received, in exchange for the transfer to Exchangeco of all 8,729,583 outstanding common shares of DelMar (BC) held by the Canadian Holders, 8,729,583 exchangeable shares (the "Exchangeable Shares") of Exchangeco, and (iii) outstanding warrants to purchase 3,360,000 common shares of DelMar (BC) and outstanding options to purchase 1,020,000 common shares of DelMar (BC) were deemed to be amended such that, rather than entitling the holder to acquire common shares of DelMar (BC), such options and warrants will entitle the holders to acquire shares of common stock of the Company. The Canadian Holders will be entitled to require Exchangeco to redeem (or, at the option of the Company or Callco, to have the Company or Callco purchase) the Exchangeable Shares, and upon such redemption or purchase to receive an equal number of shares of common stock of the Company. The aggregate of 13,070,000 shares of common stock of the Company issued to the Canadian Holders (on an as-exchanged basis with respect to the Exchangeable Shares) and the U.S. Holders represents 80.1% of the outstanding shares of common stock of the Company following the closing of the Exchange Agreement (the "Reverse Acquisition") and the Share Return (defined below) (not including any shares issuable pursuant to the Private Offering (defined below) or the Valent Agreement Amendment (defined below).

In connection with the Exchange Agreement, on the Closing Date, the Company, Callco and Exchangeco entered into a Support Agreement (the "Support Agreement"). Pursuant to the Support Agreement, the Company agreed that it may not declare or pay any dividend on its common stock unless Exchangeco shall (A) simultaneously declare or pay, as the case may be, an equivalent dividend or other distribution economically equivalent thereto on the Exchangeable Shares (an "Equivalent Dividend") and take such others actions as are reasonably necessary to ensure that the respective declaration date, record date and payment date for an Equivalent Dividend shall be the same as the declaration date, record date and payment date for the corresponding dividend or other distribution on the Company's common stock. The Company also agreed to reserve for issuance sufficient authorized shares to allow for the issuance of the Company's common stock upon the redemption of the Exchangeable Shares, and that it will not, without the prior approval of Exchangeco and the prior approval of the holders of the Exchangeable Shares, issue or distribute (subject to certain exceptions), shares of common stock, rights or options to purchase common stock, or other securities or assets of the Company, to all or substantially of its shareholders unless Exchangeco issues or distributes the economic equivalent of such securities or assets to the holders of the Exchangeable Shares.

In connection with the Exchange Agreement, on the Closing Date, the Company, Callco, Exchangeco and Computershare Trust Company of Canada (the "Trustee") entered into a voting and exchange trust agreement (the "Trust Agreement"). Pursuant to the Trust Agreement, Company issued one share of Special Voting Preferred Stock (the "Special Voting Share") to the Trustee, and the parties created a trust for the Trustee to hold the Special Voting Share for the benefit of the holders of the Exchangeable Shares (other than the Company and any affiliated companies) (the "Beneficiaries"). Pursuant to the Trust Agreement, the Beneficiaries will have voting rights in the Company equivalent to what they would have had they received shares of common stock in the same amount as the Exchangeable Shares held by the Beneficiaries.

In connection with the Exchange Agreement and the Trust Agreement, as previously disclosed, on January 17, 2013, the Company filed a certificate of designation of Special Voting Preferred Stock (the "Special Voting Certificate of Designation") with the Secretary of State of Nevada. Pursuant to the Special Voting Certificate of Designation, one share of the Company's blank check preferred stock was designated as Special Voting Preferred Stock. The Special Voting Preferred Stock votes as a single class with the common stock and is entitled to a number of votes equal to the number of Exchangeable Shares of Exchangeco outstanding as of the applicable record date (i) that are not owned by the Company or any affiliated companies and (ii) as to which the holder has received voting instructions from the holders of such Exchangeable Shares in accordance with the Trust Agreement.

The Special Voting Preferred Stock is not entitled to receive any dividends or to receive any assets of the Company upon any liquidation, and is not convertible into common stock of the Company.

The voting rights of the Special Voting Preferred Stock will terminate pursuant to and in accordance with the Trust Agreement. The Special Voting Preferred Stock will be automatically cancelled at such time as the share of Special Voting Preferred Stock has no votes attached to it.

In connection with the Exchange Agreement, on the Closing Date, the Company and Exchangeco entered into an intercompany funding agreement (the "Intercompany Funding Agreement"). Pursuant to the Intercompany Funding Agreement, the Company agreed, at the request and on behalf of Exchangeco, to issue the Parent Shares to the U.S. Holders, and Exchangeco agreed to issue to the Company 4,340,417 common shares of Exchangeco.

In connection with the Exchange Agreement, on the Closing Date, the Company entered into and closed a series of subscription agreements with accredited investors (the "Investors"), pursuant to which the Company sold an aggregate of 6,704,938 Units, each Unit consisting of one share of common stock and one five-year warrant (the "Investor Warrants") to purchase one share of common stock at an exercise price of $0.80, for a purchase price of $0.80 per Unit, for aggregate gross proceeds of $5,363,950 (the "Private Offering"). The exercise price of the Investor Warrants is subject to adjustment in the event that the Company sells common stock at a price lower than the exercise price, subject to certain exceptions. The Investor Warrants are redeemable by the Company at a price of $0.001 per Warrant at any time subject to the conditions that (i) the Company's common stock has traded for twenty (20) consecutive trading days with a closing price of at least $1.60 per share with an average trading volume of 50,000 shares per day and (ii) the underlying shares of common stock are registered.

The Company retained Charles Vista, LLC (the "Placement Agent") as the placement agent for the Private Offering and paid the Placement Agent a cash fee of $536,395 (equal to 10% of the gross proceeds), a non-accountable expense allowance of $160,918 (equal to 3% of the gross proceeds), and a consulting fee of $60,000. In addition, the Company issued to the Placement Agent five-year warrants (the "Placement Agent Warrants) to purchase 2,681,975 shares of common stock (equal to 20% of the shares of common stock (i) included as part of the Units sold in the Private Offering and (ii) issuable upon exercise of the Investor Warrants) at an exercise price of $0.80, exercisable on a cash or cashless basis. In addition, the Placement Agent may, for a period of two years from the Closing Date, appoint one person to the Company's Board of Directors, and one additional person who may attend, as an observer, meetings of the Company's Board of Directors. The Company has agreed to engage the Placement Agent as its warrant solicitation agent in the event the Investor Warrants are called for redemption and will pay a warrant solicitation fee to the Placement Agent equal to 5% of the amount of funds solicited by the Placement Agent upon the exercise of the Investor Warrants following such redemption.

In connection with the Private Offering, the Company entered into a registration rights agreement with the Investors, pursuant to which the Company agreed to file a registration statement (the "Registration Statement") registering for resale all shares of common stock (a) included in the Units; and (b) issuable upon exercise of the Investor Warrants, no later than 90 days after the completion of the Private Offering (the "Filing Deadline") and to use commercially reasonable efforts to cause the Registration Statement to become effective within 180 days of the Filing Deadline. The Company agreed to use commercially reasonably efforts to keep the Registration Statement effective while the Investor Warrants are outstanding.

In connection with the foregoing, the Company relied upon the exemption from securities registration provided by Section 4(2) under the Securities Act of 1933, as amended (the "Securities Act") for transactions not involving a public offering.

In connection with the Exchange Agreement, in addition to the foregoing:

(i) As previously disclosed, effective January 18, 2013, the Company effected a 3.389831 for 1 stock dividend ("Stock Dividend") with respect to the outstanding common stock of the Company (such that each stockholder of record as of January 18, 2012 received, as a stock dividend, an additional 2.389831 shares of common stock for each outstanding share of common stock). All share numbers in this report reflect the Stock Dividend unless otherwise indicated.

(ii) As previously closed, effective January 21, 2013, the Company filed Articles of Merger with the Secretary of State of Nevada, pursuant to which the Company's wholly-owned subsidiary, DelMar Pharmaceuticals, Inc. (formed solely for the purpose of effecting a change in the name of the Company), merged into the Company and the Company changed its name from Berry Only Inc. to DelMar Pharmaceuticals, Inc. In connection with the name change, effective January 30, 2013, the trading symbol of the Company's common stock changed from "BRRY" to "DMPI".

(iii) Effective January 24, 2013, the Company effected a warrant dividend (the "Warrant Dividend") pursuant to which the Company issued one five-year warrant to purchase one share of common stock at an exercise price of $1.25 for each outstanding share of common stock (the "Dividend Warrants"). Pursuant to the Warrant Dividend, the Company issued an aggregate of 13,369,500 Dividend Warrants.

The Dividend Warrants have the same material terms as the Investor Warrants except as follows:

The exercise price of the Dividend Warrants is $1.25, which will not be adjustable in the event of subsequent equity sales by the Company at a lower price.

The Dividend Warrants will only be exercisable at such times as the underlying shares of common stock are registered.

The Dividend Warrants will be redeemable by the Company at a price of $0.001 per Dividend Warrant at any time commencing 18 months following the date of issuance subject to the conditions that (i) the Company's common stock has traded for twenty (20) consecutive trading days with a closing price of at least $2.50 per share and (ii) the underlying shares of common stock are registered.

Subject to the conditions set forth therein, the Dividend Warrants may be redeemed by the Company upon not less than sixty (60) days nor more than ninety (90) days prior written notice.

Holders of the Dividend Warrants will have piggyback registration rights with respect to the underlying shares of common stock, subject to the Company's right to remove any or all of such shares if it determines such removal is necessary or appropriate to ensure such registration statement is declared effective by the Securities and Exchange Commission (the "SEC") as a result of comments received from the staff of the SEC.

(iv) Effective on the Closing Date, Lisa Guise returned to the Company for cancellation 10,119,493 shares of common stock (the "Share Return") and 10,119,493 Dividend Warrants.

(v) Effective on the Closing Date (except with respect to Scott Praill, who was appointed on January 29, 2013), Lisa Guise resigned as the sole officer of the Company and the following persons were appointed as executive officers of the Company:

Name	Title
Jeffrey Bacha	Chief Executive Officer and President
Dennis Brown	Chief Scientific Officer
Scott Praill	Chief Financial Officer

Effective upon the Company's meeting its information obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Lisa Guise will also resign as the sole director of the Company, and Jeffrey Bacha, Dennis Brown, Bill Garner and John K. Bell will be elected directors of the Company.

(vi) Effective on the Closing Date, the Company issued 1,150,000 shares of common stock to Valent Technologies LLC ("Valent"), a company owned by Dennis Brown, the Company's Chief Scientific Officer, in exchange for Valent agreeing to reduce certain royalties payable to it pursuant to a patent assignment agreement between Valent and DelMar (BC) (the "Valent Agreement Amendment").

Item 2.01 Completion of Acquisition or Disposition of Assets.

Information in response to this Item 2.01 is keyed to the Item numbers of Form 10.

Item 1. Description of Business.

Effective on the Closing Date, pursuant to the Exchange Agreement, DelMar (BC) became (indirectly through Exchangeco) a wholly-owned subsidiary of the Company. The acquisition of DelMar (BC) is treated as a reverse acquisition, and the business of DelMar (BC) became the business of the Company. At the time of the reverse acquisition, Berry was not engaged in any active business.

References to "we," "us," "our" and similar words refer to the Company and its subsidiaries, Callco, Exchangeco and DelMar (BC). References to "Berry" refer to the Company and its business prior to the Reverse Acquisition.

Summary

DelMar (BC) is a British Columbia corporation formed on April 6, 2010. Berry is a Nevada corporation formed on June 24, 2009.

Our executive offices are located at Suite 720-999 West Broadway, Vancouver, British Columbia, Canada V5Z 1K5, and our telephone number at such address is (604) 629-5989.

RISK FACTORS

An investment in the Company's common stock involves a high degree of risk. In determining whether to purchase the Company's common stock, an investor should carefully consider all of the material risks described below, together with the other information contained in this report before making a decision to purchase the Company's securities. An investor should only purchase the Company's securities if he or she can afford to suffer the loss of his or her entire investment.

Risks related to our Business and our Industry

We have a limited operating history and a history of operating losses, and expect to incur significant additional operating losses.

We are a development stage company. DelMar (BC) was formed in British Columbia in 2010 and has only a limited operating history. Therefore, there is limited historical financial information upon which to base an evaluation of our performance. Our prospects must be considered in light of the uncertainties, risks, expenses, and difficulties frequently encountered by companies in their early stages of operations. We have generated net losses since we began operations, including $1,333,011 for year ended December 31, 2011 and $796,947 for the nine months ended September 30, 2012. We expect to incur substantial additional net expenses over the next several years as our research, development, and commercial activities increase. The amount of future losses and when, if ever, we will achieve profitability are uncertain. Our ability to generate revenue and achieve profitability will depend on, among other things, successful completion of the preclinical and clinical development of our product candidates; obtaining necessary regulatory approvals from the U.S. Food and Drug Administration (the "FDA") and international regulatory agencies; successful manufacturing, sales, and marketing arrangements; and raising sufficient funds to finance our activities. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

We may need to secure additional financing.

We anticipate that we will incur operating losses for the foreseeable future. We may require additional funds for our anticipated operations and if we are not successful in securing additional financing, we may be required to delay significantly, reduce the scope of or eliminate one or more of our research or development programs, downsize our general and administrative infrastructure, or seek alternative measures to avoid insolvency, including arrangements with collaborative partners or others that may require us to relinquish rights to certain of our technologies, product candidates or products.

Our auditors have issued a "going concern" audit opinion.

Our independent auditors have indicated, in their report on our December 31, 2011 financial statements, that there is substantial doubt about our ability to continue as a going concern. A "going concern" opinion indicates that the financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result if we do not continue as a going concern. Therefore, you should not rely on our balance sheet as an indication of the amount of proceeds that would be available to satisfy claims of creditors, and potentially be available for distribution to shareholders, in the event of liquidation.

We are an early-stage company with an unproven business strategy and may never achieve commercialization of our candidate products or profitability.

We are at an early stage of development and commercialization of our technologies and product candidates. We have not yet begun to market any products and, accordingly, have not begun or generate revenues from the commercialization of our products. Our products will require significant additional clinical testing and investment prior to commercialization. A commitment of substantial resources by ourselves and, potentially, our partners to conduct time-consuming research and clinical trials will be required if we are to complete the development of our product candidates. There can be no assurance that any of our product candidates will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs or be successfully marketed. Most of our product candidates are not expected to be commercially available for several years, if at all.

Our and our collaborators ability to sell therapeutic products will depend to a large extent upon reimbursement from health care insurance companies.

Our success may depend, in part, on the extent to which reimbursement for the costs of therapeutic products and related treatments will be available from third-party payers such as government health administration authorities, private health insurers, managed care programs, and other organizations. Over the past decade, the cost of health care has risen significantly, and there have been numerous proposals by legislators, regulators, and third-party health care payers to curb these costs. Some of these proposals have involved limitations on the amount of reimbursement for certain products. Similar federal or state health care legislation may be adopted in the future and any products that we or our collaborators seek to commercialize may not be considered cost-effective. Adequate third-party insurance coverage may not be available for us or our collaborative partners to establish and maintain price levels that are sufficient for realization of an appropriate return on investment in product development.

We are dependent on obtaining certain patents and protecting our proprietary rights.

Our success will depend, in part, on our ability to obtain patents, maintain trade secret protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent our rights. We have filed and are actively pursuing patent applications for our products. The patent positions of biotechnology, biopharmaceutical and pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. Thus, there can be no assurance that any of our patent applications will result in the issuance of patents, that we will develop additional proprietary products that are patentable, that any patents issued to us or those that already have been issued will provide us with any competitive advantages or will not be challenged by any third parties, that the patents of others will not impede our ability to do business or that third parties will not be able to circumvent our patents. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of our products not under patent protection, or, if patents are issued to us, design around the patented products we developed or will develop.

We may be required to obtain licenses from third parties to avoid infringing patents or other proprietary rights. No assurance can be given that any licenses required under any such patents or proprietary rights would be made available, if at all, on terms we find acceptable. If we do not obtain such licenses, we could encounter delays in the introduction of products, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited.

A number of pharmaceutical, biopharmaceutical and biotechnology companies and research and academic institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to or affect our business. Some of these technologies, applications or patents may conflict with our technologies or patent applications. Such conflict could limit the scope of the patents, if any, that we may be able to obtain or result in the denial of our patent applications. In addition, if patents that cover our activities are issued to other companies, there can be no assurance that we would be able to obtain licenses to these patents at a reasonable cost or be able to develop or obtain alternative technology. If we do not obtain such licenses, we could encounter delays in the introduction of products, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited. In addition, we could incur substantial costs in defending ourselves in suits brought against us on patents it might infringe or in filing suits against others to have such patents declared invalid.

Patent applications in the U.S. are maintained in secrecy and not published if either: i) the application is a provisional application or, ii) the application is filed and we request no publication, and certify that the invention disclosed “has not and will not” be the subject of a published foreign application. Otherwise, U.S. applications or foreign counterparts, if any, publish 18 months after the priority application has been filed. Since publication of discoveries in the scientific or patent literature often lag behind actual discoveries, we cannot be certain that we or any licensor were the first creator of inventions covered by pending patent applications or that we or such licensor was the first to file patent applications for such inventions. Moreover, we might have to participate in interference proceedings declared by the U.S. Patent and Trademark Office to determine priority of invention, which could result in substantial cost to us, even if the eventual outcome were favorable to us. There can be no assurance that our patents, if issued, would be held valid or enforceable by a court or that a competitor’s technology or product would be found to infringe such patents.

Much of our know-how and technology may not be patentable. To protect our rights, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance, however, that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Further, our business may be adversely affected by competitors who independently develop competing technologies, especially if we obtain no, or only narrow, patent protection.

We are subject to various government regulations.

The manufacture and sale of human therapeutic and diagnostic products in the U.S., Canada and foreign jurisdictions are governed by a variety of statutes and regulations. These laws require approval of manufacturing facilities, controlled research and testing of products and government review and approval of a submission containing manufacturing, preclinical and clinical data in order to obtain marketing approval based on establishing the safety and efficacy of the product for each use sought, including adherence to current Good Manufacturing Practice (or cGMP) during production and storage, and control of marketing activities, including advertising and labeling.

The products we are currently developing will require significant development, preclinical and clinical testing and investment of substantial funds prior to their commercialization. The process of obtaining required approvals can be costly and time-consuming, and there can be no assurance that future products will be successfully developed and will prove to be safe and effective in clinical trials or receive applicable regulatory approvals. Markets other than the U.S. and Canada have similar restrictions. Potential investors and shareholders should be aware of the risks, problems, delays, expenses and difficulties which we may encounter in view of the extensive regulatory environment which controls our business.

If we are unable to keep up with rapid technological changes in our field or compete effectively, we will be unable to operate profitably.

We are engaged in a rapidly changing field. Other products and therapies that will compete directly with the products that we are seeking to develop and market currently exist or are being developed. Competition from fully integrated pharmaceutical companies and more established biotechnology companies is intense and is expected to increase. Most of these companies have significantly greater financial resources and expertise in discovery and development, manufacturing, preclinical and clinical testing, obtaining regulatory approvals and marketing than us. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with large pharmaceutical and established biopharmaceutical or biotechnology companies. Many of these competitors have significant products that have been approved or are in development and operate large, well-funded discovery and development programs. Academic institutions, governmental agencies and other public and private research organizations also conduct research, seek patent protection and establish collaborative arrangements for therapeutic products and clinical development and marketing. These companies and institutions compete with us in recruiting and retaining highly qualified scientific and management personnel. In addition to the above factors, we will face competition based on product efficacy and safety, the timing and scope of regulatory approvals, availability of supply, marketing and sales capability, reimbursement coverage, price and patent position. There is no assurance that our competitors will not develop more effective or more affordable products, or achieve earlier patent protection or product commercialization, than our own.

Other companies may succeed in developing products earlier than ourselves, obtaining Health Canada, European Medicines Agency (the "EMEA") and FDA approvals for such products more rapidly than we will, or in developing products that are more effective than products we propose to develop. While we will seek to expand our technological capabilities in order to remain competitive, there can be no assurance that research and development by others will not render our technology or products obsolete or non-competitive or result in treatments or cures superior to any therapy we develop, or that any therapy we develop will be preferred to any existing or newly developed technologies.

Clinical trials for our product candidates are expensive and time consuming, and their outcome is uncertain.

The process of obtaining and maintaining regulatory approvals for new therapeutic products is expensive, lengthy and uncertain. Costs and timing of clinical trials may vary significantly over the life of a project owing to any or all of the following non-exclusive reasons:

- the duration of the clinical trial;
- the number of sites included in the trials;
- the countries in which the trial is conducted;
- the length of time required and ability to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- per patient trial costs;
- third party contractors failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner;
- our final product candidates having different properties in humans than in laboratory testing;
- the need to suspect or terminate our clinical trials;
- insufficient or inadequate supply of quality of necessary materials to conduct our trials;
- potential additional safety monitoring, or other conditions required by FDA or comparable foreign regulatory authorities regarding the scope or design of our clinical trials, or other studies requested by regulatory agencies;
- problems engaging institutional review boards, or IRBs, to oversee trials or in obtaining and maintaining IRB approval of studies;
- the duration of patient follow-up;
- the efficacy and safety profile of a product candidate;
- the costs and timing of obtaining regulatory approvals; and
- the costs involved in enforcing or defending patent claims or other intellectual property rights.

Late stage clinical trials are especially expensive, typically requiring tens of millions of dollars, and take years to reach their outcomes. Such outcomes often fail to reproduce the results of earlier trials. It is often necessary to conduct multiple late stage trials (including multiple Phase III trials) in order to obtain sufficient results to support product approval, which further increases the expense. Sometimes trials are further complicated by changes in requirements while the trials are under way (for example, when the standard of care changes for the disease that is being studied in the trial). Accordingly, any of our current or future product candidates could take a significantly longer time to gain regulatory approval than we expect, or may never gain approval, either of which could delay or stop the commercialization of our product candidates.

We may be required to suspend or discontinue clinical trials due to unexpected side effects or other safety risks that could preclude approval of our product candidates.

Our clinical trials may be suspended at any time for a number of reasons. For example, we may voluntarily suspend or terminate our clinical trials if at any time we believe that they present an unacceptable risk to the clinical trial patients. In addition, the FDA or other regulatory agencies may order the temporary or permanent discontinuation of our clinical trials at any time if they believe that the clinical trials are not being conducted in accordance with applicable regulatory requirements or that they present an unacceptable safety risk to the clinical trial patients.

Administering any product candidate to humans may produce undesirable side effects. These side effects could interrupt, delay or halt clinical trials of our product candidates and could result in the FDA or other regulatory authorities denying further development or approval of our product candidates for any or all targeted indications. Ultimately, some or all of our product candidates may prove to be unsafe for human use. Moreover, we could be subject to significant liability if any volunteer or patient suffers, or appears to suffer, adverse health effects as a result of participating in our clinical trials.

We may not receive regulatory approvals for our product candidates or there may be a delay in obtaining such approvals.

Our products and our ongoing development activities are subject to regulation by regulatory authorities in the countries in which we or our collaborators and distributors wish to test, manufacture or market our products. For instance, the FDA will regulate the product in the U.S. and equivalent authorities, such as the European Medicines Agency, or EMA, will regulate in Europe. Regulatory approval by these authorities will be subject to the evaluation of data relating to the quality, efficacy and safety of the product for its proposed use, and there can be no assurance that the regulatory authorities will find our data sufficient to support product approval of VAL-083.

The time required to obtain regulatory approval varies between countries. In the U.S., for products without "Fast Track" status, it can take up to eighteen (18) months after submission of an application for product approval to receive the FDA's decision. Even with Fast Track status, FDA review and decision can take up to twelve (12) months. At present, we do not have Fast Track status for our lead product candidate, VAL-083.

Different regulators may impose their own requirements and may refuse to grant, or may require additional data before granting, an approval, notwithstanding that regulatory approval may have been granted by other regulators. Regulatory approval may be delayed, limited or denied for a number of reasons, including insufficient clinical data, the product not meeting safety or efficacy requirements or any relevant manufacturing processes or facilities not meeting applicable requirements as well as case load at the regulatory agency at the time.

We may fail to comply with regulatory requirements.

Our success will be dependent upon our ability, and our collaborative partners' abilities, to maintain compliance with regulatory requirements, including cGMP, and safety reporting obligations. The failure to comply with applicable regulatory requirements can result in, among other things, fines, injunctions, civil penalties, total or partial suspension of regulatory approvals, refusal to approve pending applications, recalls or seizures of products, operating and production restrictions and criminal prosecutions.

Regulatory approval of our product candidates may be withdrawn at any time.

After regulatory approval has been obtained for medicinal products, the product and the manufacturer are subject to continual review, including the review of adverse experiences and clinical results that are reported after our products are made available to patients, and there can be no assurance that such approval will not be withdrawn or restricted. Regulators may also subject approvals to restrictions or conditions, or impose post-approval obligations on the holders of these approvals, and the regulatory status of such products may be jeopardized if such obligations are not fulfilled. If post-approval studies are required, such studies may involve significant time and expense.

The manufacturer and manufacturing facilities we use to make any of our products will also be subject to periodic review and inspection by the FDA or EMA, as applicable. The discovery of any new or previously unknown problems with the product, manufacturer or facility may result in restrictions on the product or manufacturer or facility, including withdrawal of the product from the market. We will continue to be subject to the FDA or EMA requirements, as applicable, governing the labeling, packaging, storage, advertising, promotion, recordkeeping, and submission of safety and other post-market information for all of our product candidates, even those that the FDA or EMA, as applicable, had approved. If we fail to comply with applicable continuing regulatory requirements, we may be subject to fines, suspension or withdrawal of regulatory approval, product recalls and seizures, operating restrictions and other adverse consequences.

There may not be a viable market for our products.

We believe that there will be many different applications for our products. We also believe that the anticipated market for our products will continue to expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of our products' commercial viability.

We rely on key personnel and, if we are unable to retain or motivate key personnel or hire qualified personnel, we may not be able to grow effectively.

We are dependent on certain members of our management, scientific and drug development staff and consultants, the loss of services of one or more of whom could materially adversely affect us.

We currently do not have full-time employees, but retain the services of approximately 19 persons on an independent contractor/consultant and contract-employment basis. Our ability to manage growth effectively will require us to continue to implement and improve our management systems and to recruit and train new employees. Although we have done so in the past and expect to do so in the future, there can be no assurance that we will be able to successfully attract and retain skilled and experienced personnel.

We may be subject to foreign exchange fluctuation.

We maintain our accounts in Canadian dollars. A portion of our expenditures are in foreign currencies, most notably in U.S. dollars, and therefore we are subject to foreign currency fluctuations, which may, from time to time, impact our financial position and results. We may enter into hedging arrangements under specific circumstances, typically through the use of forward or futures currency contracts, to minimize the impact of increases in the value of the U.S. dollar. In order to minimize our exposure to foreign exchange fluctuations we may hold sufficient U.S. dollars to cover our expected U.S. dollar expenditures.

We may be exposed to potential product and clinical trials liability.

Our business exposes us to potential product liability risks, which are inherent in the testing, manufacturing, marketing and sale of therapeutic products. Human therapeutic products involve an inherent risk of product liability claims and associated adverse publicity. While we will continue to take precautions we deem appropriate, there can be no assurance that we will be able to avoid significant product liability exposure. We maintain liability insurance coverage. Such insurance is expensive, difficult to obtain and may not continue to be available on acceptable terms, if at all. An inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our current or potential products. A product liability claim brought against us in a clinical trial or a product withdrawal could have a material adverse effect upon us and our financial condition.

We are dependent on our collaborative partners and service providers the loss of which would hurt our business.

Our strategy is to enter into various arrangements with corporate and academic collaborators, licensors, licensees, service providers and others for the research, development, clinical testing and commercialization of our products. We intend to or have entered into agreements with academic, medical and commercial organizations to research, develop and test our products. In addition, we intend to enter into corporate partnerships to commercialize the Company's core products. There can be no assurance that such collaborations can be established on favorable terms, if at all.

Should any collaborative partner or service provider fail to appropriately research, develop, test or successfully commercialize any product to which the Company has rights, our business may be adversely affected. Failure of a collaborative partner or service provider to successfully conduct or complete their activities or to remain a viable collaborative partner or commercialize enterprise for any particular program could delay or halt the development or commercialization of any products arising out of such program. While management believes that collaborative partners and service providers will have sufficient economic motivation to continue their activities, there can be no assurance that any of these collaborations or provisions of required services will be continued or result in successfully commercialized products.

In addition, there can be no assurance that the collaborative research or commercialization partners will not pursue alternative technologies or develop alternative products either on their own or in collaboration with others, including our competitors, as a means for developing treatments for the diseases or conditions targeted by our programs.

We may become subject to liabilities related to risks inherent in working with hazardous materials.

Our discovery and development processes involve the controlled use of hazardous and radioactive materials. We are subject to federal, provincial and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although we believe that our safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result and any such liability could exceed our resources. We are not specifically insured with respect to this liability. Although we believe that we are in compliance in all material respects with applicable environmental laws and regulations and currently do not expect to make material capital expenditures for environmental control facilities in the near-term, there can be no assurance that we will not be required to incur significant costs to comply with environmental laws and regulations in the future, or that our operations, business or assets will not be materially adversely affected by current or future environmental laws or regulations.

Risks Related to Our Common Stock

There is not an active liquid trading market for the Company's common stock.

The Company files reports under the Exchange Act and its common stock is eligible for quotation on the OTC Bulletin Board. However, there is no regular active trading market in the Company's common stock, and we cannot give an assurance that an active trading market will develop. If an active market for the Company's common stock develops, there is a significant risk that the Company's stock price may fluctuate dramatically in the future in response to any of the following factors, some of which are beyond our control:

- variations in our quarterly operating results;
- announcements that our revenue or income are below analysts' expectations;
- general economic slowdowns;
- sales of large blocks of the Company's common stock; and
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments.

Our common stock is subject to the "penny stock" rules of the Securities and Exchange Commission, which may make it more difficult for stockholders to sell our common stock.

The SEC has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require that a broker or dealer approve a person's account for transactions in penny stocks, and the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience objectives of the person, and make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form sets forth the basis on which the broker or dealer made the suitability determination, and that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of the Company's common stock if and when such shares are eligible for sale and may cause a decline in the market value of its stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock.

Because we became a public by means of a reverse acquisition, we may not be able to attract the attention of brokerage firms.

Because we became public through a "reverse acquisition", securities analysts of brokerage firms may not provide coverage of us since there is little incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will want to conduct any secondary offerings on behalf of the Company in the future.

Applicable regulatory requirements, including those contained in and issued under the Sarbanes-Oxley Act of 2002, may make it difficult for the Company to retain or attract qualified officers and directors, which could adversely affect the management of its business and its ability to obtain or retain listing of its common stock.

The Company may be unable to attract and retain those qualified officers, directors and members of board committees required to provide for effective management because of the rules and regulations that govern publicly held companies, including, but not limited to, certifications by principal executive officers. The enactment of the Sarbanes-Oxley Act has resulted in the issuance of a series of related rules and regulations and the strengthening of existing rules and regulations by the SEC, as well as the adoption of new and more stringent rules by the stock exchanges. The perceived increased personal risk associated with these changes may deter qualified individuals from accepting roles as directors and executive officers.

Further, some of these changes heighten the requirements for board or committee membership, particularly with respect to an individual's independence from the corporation and level of experience in finance and accounting matters. The Company may have difficulty attracting and retaining directors with the requisite qualifications. If the Company is unable to attract and retain qualified officers and directors, the management of its business and its ability to obtain or retain listing of our shares of common stock on any stock exchange (assuming the Company elects to seek and are successful in obtaining such listing) could be adversely affected.

If the Company fails to maintain an effective system of internal controls, it may not be able to accurately report its financial results or detect fraud. Consequently, investors could lose confidence in the Company's financial reporting and this may decrease the trading price of its stock.

The Company must maintain effective internal controls to provide reliable financial reports and detect fraud. The Company has been assessing its internal controls to identify areas that need improvement. It is in the process of implementing changes to internal controls, but has not yet completed implementing these changes. Failure to implement these changes to the Company's internal controls or any others that it identifies as necessary to maintain an effective system of internal controls could harm its operating results and cause investors to lose confidence in the Company's reported financial information. Any such loss of confidence would have a negative effect on the trading price of the Company's stock.

Voting power of our shareholders is highly concentrated by insiders.

he Company's officers and directors beneficially own approximately 47% of our outstanding shares of common stock. Such concentrated control of the Company may adversely affect the price of our common stock. If you acquire common stock, you may have no effective voice in the management of the Company. Sales by insiders or affiliates of the Company, along with any other market transactions, could affect the market price of our common stock.

We do not intend to pay dividends for the foreseeable future.

We have paid no dividends on our common stock to date and it is not anticipated that any dividends will be paid to holders of our common stock in the foreseeable future. While our future dividend policy will be based on the operating results and capital needs of the business, it is currently anticipated that any earnings will be retained to finance our future expansion and for the implementation of our business plan. As an investor, you should take note of the fact that a lack of a dividend can further affect the market value of our stock, and could significantly affect the value of any investment in our Company.

Our articles of incorporation allow for our board to create new series of preferred stock without further approval by our stockholders, which could adversely affect the rights of the holders of our Common Stock.

Our Board of Directors has the authority to fix and determine the relative rights and preferences of preferred stock. Our Board of Directors have the authority to issue up to 5,000,000 shares of our preferred stock (of which 1 share has been designated Special Voting Preferred Stock and is issued and outstanding) without further stockholder approval. As a result, our Board of Directors could authorize the issuance of a series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of common stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock. In addition, our board of directors could authorize the issuance of a series of preferred stock that has greater voting power than our common stock or that is convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing stockholders. Although we have no present intention to issue any additional shares of preferred stock or to create any additional series of preferred stock, we may issue such shares in the future.

If and when a registration statement becomes effective, there will be a significant number of shares of common stock eligible for sale, which could depress the market price of such shares.

We have agreed to file a registration statement with the SEC to register the shares of our common stock issued or issuable in connection with the Private Offering. Following the effective date of such registration statement a large number of shares of common stock will be available for sale in the public market, which could harm the market price of the stock.

As an issuer of "penny stock", the protection provided by the federal securities laws relating to forward looking statements does not apply to us.

Although federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of penny stocks. As a result, we will not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading. Such an action could hurt our financial condition.

Our issuance of common stock upon exercise of warrants or options may depress the price of our common stock.

As of January 30, 2013, we have 15,445,362 shares of common stock, 8,729,583 shares of common stock issuable upon exchange of the Exchangeable Shares, warrants to purchase 15,996,920 shares of common stock, and options to purchase 1,020,000 shares of common stock, issued and outstanding. The issuance of shares of common stock upon exercise of outstanding warrants or options could result in substantial dilution to our stockholders, which may have a negative effect on the price of our common stock.

FORWARD-LOOKING STATEMENTS

Statements in this current report on Form 8-K may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this report, including the risks described under "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report and in other documents which we file with the Securities and Exchange Commission. In addition, such statements could be affected by risks and uncertainties related to:

- our ability to raise funds for general corporate purposes and operations, including our clinical trials;
- the commercial feasibility and success of our technology;
- our ability to recruit qualified management and technical personnel;
- the success of our clinical trials;
- our ability to obtain and maintain required regulatory approvals for our products; and
- the other factors discussed in the "Risk Factors" section and elsewhere in this report.

Any forward-looking statements speak only as of the date on which they are made, and except as may be required under applicable securities laws, we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this current report.

Business

Berry is a Nevada corporation formed on June 24, 2009. On July 8, 2010, Berry entered into an exclusive dealership agreement with Wireless Wipes, a New York corporation that manufactures a sanitizing wipe used to clean cell phones and other mobile devices. The agreement granted Berry the exclusive right to purchase, inventory, promote and resell the product within Canada under certain minimum order rules. The agreement required an annual distribution of 10,000 pouches of product. Berry was unable to generate the required annual sales and the agreement lapsed. Prior to the Reverse Acquisition, Berry did not have any significant assets or operations.

Del Mar Pharmaceuticals (BC) Ltd. is a British Columbia, Canada corporation founded in 2010. We are a clinical and commercial stage drug development company with a focus on the treatment of cancer. Our mission is to benefit patients and create shareholder value by rapidly developing and commercializing anti-cancer therapies in orphan cancer indications where patients have failed modern therapy.

Our lead product candidate, VAL-083, represents a "first in class" small-molecule chemotherapeutic, which means that the molecular structure of VAL-083 is not an analogue or derivative of other small molecule chemotherapeutics approved for the treatment of cancer. VAL-083 has been assessed in multiple clinical studies sponsored by the National Cancer Institute (NCI) in the United States as a treatment against various cancers including lung, brain, cervical, ovarian tumors and leukemia. Published pre-clinical and clinical data suggest that VAL-083 may be active against a range of tumor types. VAL-083 is approved as a cancer chemotherapeutic in China for the treatment of chronic myelogenous leukemia and lung cancer. VAL-083 has not been approved for any indication outside of China.

Upon obtaining regulatory approval, we intend to commercialize VAL-083 and other product candidates for the treatment of orphan and other cancer indications where patients have failed other therapies or have limited medical options. Orphan diseases are defined in the United States under the Rare Disease Act of 2002 as "any disease or condition that affects less than 200,000 persons in the United States". The Orphan Drug Act of 1983 is a federal law that provides financial and other incentives including a period of market exclusivity to encourage the development of new treatments for orphan diseases. In February 2012, we announced that VAL-083 has been granted protection under the Orphan Drug Act by the United States Food and Drug Administration for the treatment of glioma, including glioblastoma multiforme ("GBM).

We research the mechanism of action of our product candidates to determine the clinical indications best suited for therapy and rapidly advance our product candidates into human clinical trials and toward commercialization.

With this aim, we have initiated clinical trials with VAL-083 as a potential new treatment for GBM, the most common and aggressive form of brain cancer. In April 2012, we presented data at the American Association of Cancer Research (AACR website: http://www.aacr.org) annual meeting demonstrating that VAL-083 maintains activity in tumors resistant to the current front-line GBM therapy, Temodar®. In November 2012, we presented interim data from our clinical trial at the Annual Meeting of the Society for NeuroOncology (SNO website: http://www.soc-neuro-onc.org) demonstrating that VAL-083 can shrink or halt the growth of tumors in brain cancer patients who have failed other approved treatments. Currently, there is no approved therapy for these patients.

In addition to our clinical development activities in the United States, we have obtained exclusive commercial rights to VAL-083 in China. In October 2012, we announced that we had entered into a collaboration agreement with the only manufacturer presently licensed by the Chinese State Food and Drug Administration (SFDA) to produce the product for the China market. This agreement provides us with exclusive commercial rights, which positions us to generate near-term revenue through product sales or royalties for its approved indications in China while we seek global approval in new indications. We anticipate that we may be able to begin generating revenue from such sales or royalties commencing in 2013.

VAL-083 was originally discovered in the 1960's. We have a broad portfolio of new patent applications to protect our intellectual property. Our patent applications claim compositions and methods related to the use of VAL-083 and related compounds as well as methods of synthesis and quality controls for the manufacturing process of VAL-083. In addition, VAL-083 has been granted protection under the Orphan Drug Act by the United States Food and Drug Administration (USA). We believe that our portfolio of intellectual property rights provides a strong and defensible market position for the commercialization of VAL-083 and other anti-cancer products.

We also believe the experience of our clinical development team will position us to acquire or license additional product candidates to establish a pipeline of product opportunities. We have secured three grants from the National Research Council of Canada, which have provided financial contributions of over Cdn $130,000 to date. We believe we have the potential to create significant value by building and maintaining a sustainable business through the commercialization of VAL-083 and other products across a variety of cancer indications on a world-wide basis.

The Technology

Our drug discovery research focuses on identifying well-validated clinical and commercial-stage compounds and establishing a scientific rationale for development in modern orphan drug indications. Through our relationship with Valent, a company owned by Dr. Dennis Brown, our chief scientific officer, we are able to utilize Valent's proprietary ChemState™ bioinformatics tools which is used to screen and identify potential candidates. Promising candidates are further researched through our network of expert consultants and contract research organizations. This approach allows us to rapidly identify and advance potential drug candidates without significant investment in "wet lab" infrastructure. Based on this strategy, we acquired initial VAL-083 intellectual property and prototype drug product from Valent and have identified multiple additional drug candidates that we may have the opportunity to license or acquire in the future.

VAL-083

VAL-083 is a novel "first in class" small-molecule therapeutic agent that we are developing as a new cancer chemotherapy.

VAL-083 has been assessed in multiple NCI-sponsored clinical studies in various cancers including lung, brain, cervical, ovarian tumors and leukemia. Published pre-clinical and clinical data from the late 1970s and 1980s suggest that VAL-083 may be active against a range of tumor types; however, further research was not pursued in the United States due to an increased focus by the NCI on targeted biologic therapies during the era. VAL-083 is approved as a cancer chemotherapeutic in China for the treatment of chronic myelogenous (or myeloid) leukemia ("CML") and lung cancer.

The mechanism of action of VAL-083 is understood to be a bi-functional alkylating agent. Alkylating agents are a commonly used class of chemotherapy drugs. They work by binding to DNA and interfering with normal processes within the cancer cell, which prevents the cell from making the proteins needed to grow and survive. After exposure to alkylating agents, the cancer cell becomes dysfunctional and dies. There are a number of alkylating agents on the market that are used by physicians to treat different types of cancer.

Based on published research, the functional groups associated with the mechanism of action of VAL-083 are understood to be functionally different from commonly used alkylating agents, including Temodar®, which is commonly used a front-line chemotherapy against GBM, the most common and aggressive form of brain cancer. VAL-083 has previously demonstrated activity in cell-lines that are resistant to other types of chemotherapy. No evidence of cross-resistance has been reported in published clinical studies. Based on the presumed alkylating functionality of VAL-083, published literature suggests that DNA repair mechanisms associated with the leading brain cancer therapies, including Temodar® and nitrosourea resistance may not confer resistance to VAL-083. Therefore, we believe that VAL-083 may be effective in treating tumors that have failed or become resistant to other chemotherapies.

We have presented new research at the American Association of Cancer Research (AACR) demonstrating that VAL-083 is active in patient-derived tumor cell lines and cancer stem cells that are resistant to other chemotherapies. Of particular importance is resistance to Temodar® due to activity of the repair enzyme known as MGMT, which results in resistance to front-line therapy in many GBM patients. At AACR, we presented data demonstrating that VAL-083 is active independent of MGMT resistance in laboratory studies

VAL-083 readily crosses the blood brain barrier where it maintains a long half-life in comparison to the plasma. Published preclinical and clinical research demonstrates that VAL-083 is selective for brain tumor tissue.

VAL-083 has been assessed in multiple studies as chemotherapy in the treatment of newly diagnosed and recurrent brain tumors and other cancers. In general, tumor regression in brain cancer was achieved following therapy in greater than 40% of patients treated and stabilization was achieved in an additional 20% - 30%. In published clinical studies, VAL-083 has previously been shown to have a statistically significant impact on median survival in high grade glioma brain tumors when combined with radiation vs. radiation alone.

A summary of published data adapted from separate sources comparing the efficacy of VAL-083 and other therapies in the treatment of glioblastoma multiforme (GBM).

Chemotherapy	Comparative Therapy		Median Survival Benefit vs. XRT
	Radiation	Radiation + Chemotherapy	
Temodar*	12.1 months	58 weeks (14.6 months)	2.5 months
Avastin†	n.a.		n.a.
Lomustine*		52 weeks	n.a.
Carmustine*		40-50 weeks	n.a.
Semustine*		35 weeks	n.a.
VAL-083*	8.8 months	67 weeks (16.8 months)	8.0 months

The main dose-limiting toxicity related to the administration of VAL-083 in previous NCI-sponsored clinical studies was myelosuppression. Myelosuppression is the decrease in cells responsible for providing immunity, carrying oxygen, and those responsible for normal blood clotting. Bone marrow suppression is a common side effect of chemotherapy There is no evidence of lung, liver or kidney toxicity even with prolonged treatment by VAL-083. Commercial data from the Chinese market where the drug has been approved for more than 15 years supports the safety findings of the NCI studies.

We note that the dose-limiting toxicity of VAL-083 was established prior to the development of medicines now available to manage myelosuppression. Various types of medications and other forms of therapy are now available for management of myelosuppressive side effects. We believe this offers the potential of increasing the dose of VAL-083 in the modern patient population thereby providing a potential opportunity to improve the drug's already established efficacy profile.

VAL-083 Clinical Development in GBM

Based on historical data and our own research, we filed an investigational new drug (IND) application with the FDA and initiated human clinical trials with VAL-083 as a potential treatment for GBM in 2011.

Our clinical trial is a Phase I/II an open-label, single arm dose-escalation study designed to evaluate the safety, tolerability, pharmacokinetics and anti-cancer activity of VAL-083 in patients with GBM. To be eligible for our clinical trial, patients must have been previously treated for GBM with surgery and/or radiation, if appropriate, and must have failed both Bevacizumab (Avastin®) and temozolomide (Temodar®), unless either or both are contra-indicated. Patients with brain tumors that have developed due to CNS metastases are also eligible for the study.

Response to treatment with VAL-083 is measured prior to each treatment cycle. An initial phase of the study involves dose escalation cohorts until a maximum tolerated dose (MTD) is established in the context of modern care. Once the modernized dosing regimen has been established, additional patients will be enrolled at the MTD (or other selected optimum dosing regimen) in a registration directed Phase II clinical trial.

In February 2012, we announced that VAL-083 has been granted protection under the Orphan Drug Act by the FDA. Based on historical development of other products in GBM, we believe that we may be able to obtain FDA approval from an open-label Phase II registration-directed clinical, which will save significant costs of a large Phase III clinical trial. We also believe that the FDA may grant fast-track, accelerated approval and/or priority review status to VAL-083, which will enable us to begin filing for commercial approval during the clinical trial process. Fast Track, Accelerated Approval and Priority Review are approaches established by the FDA that are intended to make therapeutically important drugs available at an earlier time. (See "Government Regulation and Product Approval".)

We are conducting the study under the direction of Dr. Howard Burris at the Sarah Cannon Research Institute in Nashville, Tennessee with a second center in Sarasota, Florida. It is our intention to open one or more additional clinical sites in the near future.

We presented initial data from our clinical trial in November 2012 at the Society for NeuroOncology annual meeting. A summary of these data is shown in the table below. The data support that VAL-083 is safe and well tolerated with no drug-related adverse events (AE) observed to date. An overall response rate of 28.5%, where tumor growth had stabilized or regressed, has been observed at doses investigated to date. In the past, the FDA has approved drugs to treat GBM with a response rate of less than 20%.

	Patient 1	Patient 2	Patient 3	Patient 4	Patient 5	Patient 6	Patient 7
Prior Therapy	XRT/TMZ/BEV	XRT/TMZ/BEV	XRT/TMZ/BEV	XRT/TMZ/BEV	XRT/TMZ/BEV	XRT/TMZ/BEV	XRT/TMZ/BEV
Rounds of VAL-083 treatment	2	15	2	2	4	1	2
AE	none	none	none	none	None drug related	none	none
Tumor Response	Progressive Disease (PD)	Partial Response/SD	PD	PD	Stable Disease (SD)	n/a	n/a

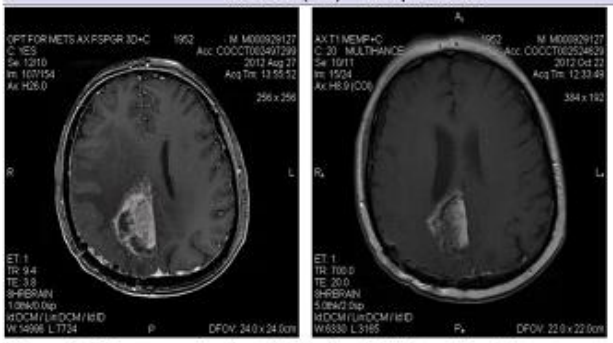


Figure 1: *CT scans of patient # 5 before initiating VAL-083 treatment (on the left) and after completion of 8 weeks of treatment (to the right).*

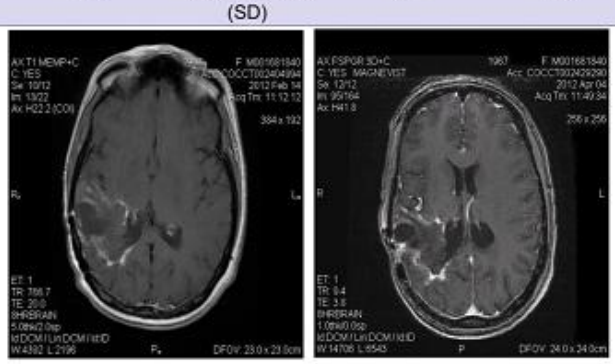


Figure 2: *CT scans of patient # 2 before initiating VAL-083 treatment (on the left) and after completion of 7 weeks of treatment (to the right). Treatment resulted in a volumetric reduction by 50% and improved disease symptoms, stable disease (SD) has been maintained for 15 cycles of treatment.*

While these data with VAL-083 are interim in nature, we believe the results to date demonstrate a strong potential for successful development of VAL-083 as a chemotherapy for the treatment of GBM. We plan to continuing working with our clinical investigators to determining an optimal dosing regimen for future registration trials.

VAL-083 in Leukemia and Hematologic Cancers

CML, also known as chronic myeloid leukemia, is a cancer of the white blood cells. The incidence of CML in the United States is approximately two per 100,000 population.

CML is characterized by three progressive phases: chronic, aggressive and blast, each corresponding with poorer prognosis. Approximately 85% of patients with CML are in the chronic phase at the time of diagnosis. Chronic phase patients are usually asymptomatic or have only mild symptoms such as fatigue or no symptoms at all. The duration of chronic phase is variable and depends on how early the disease was diagnosed as well as type of treatment. Without treatment, CML progresses to an accelerated phase and eventually to blast crisis. Blast crisis is the final phase in the evolution of CML and behaves like an acute leukemia with rapid progression and short expected survival.

VAL-083 has shown promise in CML in multiple pre-clinical and clinical studies. The NCI studied VAL-083 extensively in laboratory and animal models of hematological malignancies (blood cancers). VAL-083 is approved by the SFDA for the treatment of CML in China. While VAL-083 maintains labeling for CML in China, use of the drug in the modern era has been limited by a preference for targeted therapies such as tyrosine kinase inhibitors (TKIs).

TKIs have become the standard of care for CML and non-small cell lung cancer (NSCLC). TKI therapy has resulted in vastly improved outcomes; however, patients often develop resistance to TKI therapy. Recent evidence proposes unique mechanisms of resistance in patients of East Asian descent who experience significantly inferior responses to TKIs, including imatinib (Gleevec®) in CML and erlotinib (Tarceva®) in lung cancer.

We believe that data from NCI-sponsored studies and commercial evidence from the Chinese market support substantive clinical benefit of VAL-083 in CML. We also believe that the unique mechanism of action of VAL-083, in combination with newly developed data positions the drug as a valuable therapy for patients who have failed other treatments, including TKIs. This represents a significant clinical and commercial opportunity for large subsets of patient populations in the existing-approved China market as well as for global development in CML.

Based on these beliefs, we have acquired commercial rights to VAL-083 in China where it is approved for the treatment of CML and Lung Cancer. We have also developed new non-clinical data demonstrating that VAL-083 is active against TKI-resistant CML. We have begun to establish a network of leading oncologists to develop new clinical and non-clinical data which will demonstrate the clinical utility of VAL-083 in CML patients who are resistant to TKIs. We believe this strategy will result in sales growth for VAL-083 in China and generate near-term revenue for our company through sales and marketing partnerships as well as position VAL-083 for global development in CML.

In addition, we plan to investigate VAL-083 as a potential treatment for other types of blood cancer. Acute Myeloid Leukemia (AML) and Acute Lymphoblastic Leukemia (ALL) are of particular interest based on published data and lack of effective therapeutic options. We have initiated preliminary discussions with leading cancer centers regarding the development of a clinical strategy for the development of VAL-083 in other types of blood cancer.

VAL-083 in Lung Cancer

Lung cancer is characterized as small cell and non-small cell lung cancer (NSLSC). NSCLC is the most common type of lung cancer.

There are three common forms of NSCLC: *adenocarcinomas* are often found in an outer area of the lung; *squamous cell carcinomas* are usually found in the center of the lung next to an air tube (bronchus); and *large cell carcinomas*, which can occur in any part of the lung and tend to grow and spread faster than adenocarcinoma.

Smoking is the most important risk factor in the development of lung cancer. According to the World Cancer Report (2008), 21% of cancer deaths are related to smoking, especially lung cancer. Additionally, high levels of air pollution have been implicated as significant causes of lung cancer. Incidence of lung cancer in the United States is approximately 59 per 100,000 with the majority (52:100,000) being NSLSC.

According to The Nationwide Nutrition and Health Survey (2002), China has the world's largest smoking population, with a smoking rate of 24.0% on average (50.2% for men and 2.8% for women), and a total number of 350 million smokers. The World Health Organization reports that the incidence of lung cancer in China is 34 per 100,000 population; however, some estimates are much higher exceeding 120 per 100,000 population for males aged 55-60 in urban areas.

According to an exhaustive survey conducted by the Chinese Ministry of Health and the Ministry of Science and Technology, smoking, poor diet, water pollution and environmental problems have caused the nation's cancer death rate to rise 80 percent in the past 30 years and cancer is now accountable for 25 percent of all urban deaths and 21 percent of all rural deaths. Based on these trends, the World Health Organization projects that the incidence of lung cancer in China is expected to exceed one million (1,000,000) new cases per year by 2025.

Similar to CML treatment, TKIs are standard front-line therapy in NSCLC; however resistance to TKI therapy is common in lung cancer patients. It has also been reported that cigarette smoke may directly induce resistance to TKIs. This factor could further exacerbate resistance to modern targeted therapies in populations such as China where smoking is highly prevalent. In addition, the same East-Asian specific resistance linked to TKI-resistance in CML has been shown to correlate with TKI-resistance in NSLSC.

The activity of VAL-083 against lung cancer was studied extensively by the NCI. VAL-083 demonstrated activity against NSCLC in laboratory and animal studies. VAL-083 was also investigated in a number of clinical trials in the United States and Europe during the 1970s both as a stand-alone therapy and in combination with other chemotherapeutic regimens. VAL-083 is approved by the SFDA for the treatment of lung cancer in China; however, DelMar believes that the use of the drug in the modern era has been limited by a preference for targeted therapies such as TKIs.

We believe VAL-083's unique bi-functional alkylating mechanism of action could make it a valuable drug of choice in NSCLC patients who are or become resistant to TKI therapy. In addition, VAL-083 readily crosses the blood brain barrier suggesting that it may be possible for VAL-083 to treat patients whose lung cancer has spread to the brain.

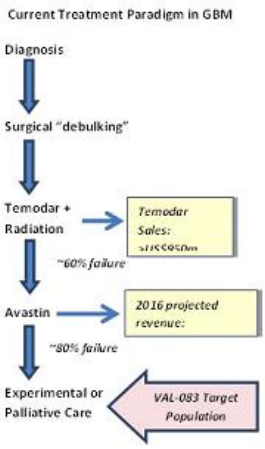
Based on these beliefs, we have acquired commercial rights to VAL-083 in China where it is approved for the treatment of lung cancer. We plan to work with leading oncologists to develop new clinical and non-clinical data which will demonstrate the clinical utility of VAL-083 in NSCLC patients who are resistant to TKIs. We believe this strategy will result in sales growth for VAL-083 in China and generate near-term revenue for our company through sales and marketing partnerships as well as position VAL-083 for global development in lung cancer.

VAL-083 Target Markets

We are targeting cancer indications which we believe represent market opportunities in the hundreds of millions of dollars in North America and potentially in the billions of dollars worldwide. The pharmaceutical industry, in general, is a highly profitable, highly innovative industry. In 2006, the global pharmaceutical industry generated over $640 billion dollars in revenue. According to published reports, global pharmaceutical sales are highly stratified by region, with North America, the European Union and Japan accounting for 55% of global pharmaceutical sales in 2009; however, the most rapid growth in the sector is from developing countries, particularly China.

Glioblastoma Multiforme (GBM): Newly diagnosed patients suffering from GBM are initially treated through invasive brain surgery, although disease progression following surgical resection is nearly 100%. Temozolomide (Temodar®) in combination with radiation is the front-line therapy for GBM following surgery. Temodar currently generates more than US$950 million annually in global revenues even though most patients fail to gain long-term therapeutic benefits. Approximately 60% of GBM patients treated with Temodar experience tumor progression within one year.

Bevacizumab (Avastin®) has been approved for the treatment of GBM in patients failing Temodar®. In clinical studies, only about 20% of patients failing Temodar respond to Avastin therapy. In spite of these low efficacy results, treatment of GBM in North America alone is projected to add US$200 million annually to the revenues of Avastin with projected growth in GBM to US$650 million by 2016.



Approximately 48% of patients who are diagnosed with GBM will fail both front-line therapy and Avastin. Based on disease incidence, we believe the market for treating GBM patients the post-Avastin failure exceeds US$200 million annually in North America. Subject to successfully completing clinical trials and obtaining approval by the FDA and other applicable regulatory agencies globally, we also believe that VAL-083 could potentially generate sales in excess of $1 billion world-wide as a potential front-line therapy for GBM.

Leukemia: The potential of VAL-083 in the treatment of CML has been established in both human clinical trials conducted by the NCI and by the drug's commercial approval in China. The Tyrosine Kinase Inhibitor Gleevec® is currently used as front-line therapy in the treatment of CML currently achieves global revenue in excess of $1 billion annually. We believe that VAL-083 has potential to capture a portion of the CML market through demonstration of activity in TKI-resistant CML patients. We also believe that VAL-083 may offer significant commercial opportunities through the treatment of other types of blood cancer such as AML or ALL.

Lung Cancer: The potential of VAL-083 in the treatment of NSLSC has been established in both human clinical trials conducted by the NCI and by the drug's commercial approval in China. A 2012 report published by Decision Resources, Inc. (http://decisionresources.com/), forecasts that the NSCLC drug market will exceed US$4 billion in 2015.

VAL-083 Manufacturing

VAL-083 is currently manufactured in accordance with State Food and Drug Administration (SFDA) and Chinese Pharmacopoeia guidelines to ensure drug quality control, drug use safety, and drug efficacy. Approval by the U.S. Food and Drug Administration ("FDA") will require VAL-083 and other products developed by us to be manufactured in accordance with United States Pharmacopeia (USP) in accordance with Current Good Manufacturing Practice (cGMP) regulations. cGMP provides for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Adherence to the cGMP regulations assures the identity, strength, quality, and purity of drug products by requiring that manufacturers of medications adequately control manufacturing operations.

We have established an exclusive purchasing relationship with the Chinese manufacturer that has enabled us to obtain drug product for human clinical trials in the United States and commercial rights in China. The Chinese manufacturer has established a commercial-scale manufacturing process based on the North American process originally developed for the NCI.

Ensuring a viable long-term supply of the VAL-083 drug product suitable for registration and commercialization in North America and Europe will require investment in improved manufacturing and quality controls. We will seek to build upon our expertise and our intellectual property related to the existing manufacturing processes for VAL-083 in collaboration with the current manufacturer to allow compliance with cGMP. In addition, we have identified third party contract manufacturers with the capabilities to establish the processes, procedures and quality systems necessary to meet U.S., Canadian, E.U. and other international cGMP manufacturing requirements. Such requirements include strong quality management systems, obtaining appropriate quality raw materials, establishing robust operating procedures, detecting and investigating product quality deviations, and maintaining reliable testing laboratories.

Patents & Proprietary Rights

Our success will depend in part on our ability to protect our existing product candidates and the products we acquire or license by obtaining and maintaining a strong proprietary position. To develop and maintain our position, we intend to continue relying upon patent protection, orphan drug status, Hatch-Waxman exclusivity, trade secrets, know-how, continuing technological innovations and licensing opportunities. We intend to seek patent protection whenever available for any products or product candidates and related technology we acquire in the future.

The molecule described as VAL-083 is not currently covered by any issued patents. We have filed new patent applications covering VAL-083 where we have claimed the use of and improvements related VAL-083 and other novel aspects of our proposed treatment regimen. We have also developed and filed patents on manufacturing process improvements for VAL-083. In addition, we plan to implement strategies which may enable us to acquire patent protection for the formulation and composition of the active pharmaceutical ingredient and finished dosage form of VAL-083 products.

We may also seek orphan drug status whenever it is available. If a product which has an orphan drug designation subsequently receives the first regulatory approval for the indication for which it has such designation, the product is entitled to orphan exclusivity, meaning that the applicable regulatory authority may not approve any other applications to market the same drug for the same indication, except in very limited circumstances, for a period of seven years in the U.S. and Canada, and 10 years in the E.U. Orphan drug designation does not prevent competitors from developing or marketing different drugs for the same indication or the same drug for a different clinical indication. In February 2012, we announced that the FDA has granted orphan drug status to VAL-083.

Under the Hatch-Waxman Amendments, newly approved drugs and indications benefit from a statutory period of non-patent marketing exclusivity. These amendments provide five-year data exclusivity to the first applicant to gain approval of an NDA for a new chemical entity, meaning that the FDA has not previously approved any other new drug containing the same active ingredient. The Hatch-Waxman Amendments prohibit the submission of an abbreviated new drug application, also known as an ANDA or generic drug application, during the five-year exclusive period if no patent is listed. If there is a patent listed and the ANDA applicant certifies that the NDA holder's listed patent for the product is invalid or will not be infringed, the ANDA can be submitted four years after NDA approval. Protection under the Hatch-Waxman Amendments will not prevent the filing or approval of another full NDA; however, the applicant would be required to conduct its own pre-clinical studies and adequate and well-controlled clinical trials to demonstrate safety and effectiveness. The Hatch-Waxman Amendments also provide three years of data exclusivity for the approval of NDAs with new clinical trials for previously approved drugs and supplemental NDAs, for example, for new indications, dosages or strengths of an existing drug, if new clinical investigations were conducted by or on behalf of the sponsor and were essential to the approval of the application. This three-year exclusivity covers only the new changes associated with the supplemental NDA and does not prohibit the FDA from approving ANDAs for drugs containing the original active ingredient. We intend to rely on the Hatch-Waxman Amendments for five years of data exclusivity for VAL-083.

We also rely on trade secret protection for our confidential and proprietary information. We believe that the substantial costs and resources required to develop technological innovations, such as the manufacturing processes associated with VAL-083, will help us to protect the competitive advantage of our product candidates.

It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived by the individual shall be our exclusive property.

Government Regulation and Product Approval

Regulation by governmental authorities in the U.S. and other countries is a significant factor, affecting the cost and time of our research and product development activities, and will be a significant factor in the manufacture and marketing of any approved products. All of our products require regulatory approval by governmental agencies prior to commercialization. In particular, our products are subject to rigorous pre-clinical and clinical testing and other approval requirements by the FDA and similar regulatory authorities in other countries. Various statutes and regulations also govern or influence the manufacturing, safety, reporting, labeling, transport and storage, record keeping and marketing of our products. The lengthy process of seeking these approvals, and the subsequent compliance with applicable statutes and regulations, require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, the necessary regulatory approvals could harm our business.

The regulatory requirements relating to the testing, manufacturing and marketing of our products may change from time to time and this may impact our ability to conduct clinical trials and the ability of independent investigators to conduct their own research with support from us.

The clinical development, manufacturing and marketing of our products are subject to regulation by various authorities in the U.S., the E.U. and other countries, including, in the U.S., the FDA, in Canada, Health Canada, and, in the E.U., the EMEA. The Federal Food, Drug, and Cosmetic Act, the Public Health Service Act in the U.S. and numerous directives, regulations, local laws and guidelines in Canada and the E.U. govern the testing, manufacture, safety, efficacy, labeling, storage, record keeping, approval, advertising and promotion of our products. Product development and approval within these regulatory frameworks takes a number of years and involves the expenditure of substantial resources.

Regulatory approval will be required in all the major markets in which we seek to develop our products. At a minimum, approval requires the generation and evaluation of data relating to the quality, safety, and efficacy of an investigational product for its proposed use. The specific types of data required and the regulations relating to this data will differ depending on the territory, the drug involved, the proposed indication and the stage of development.

In general, new chemical entities are tested in animals until adequate evidence of safety is established to support the proposed clinical study protocol designs. Clinical trials for new products are typically conducted in three sequential phases that may overlap. In Phase I, the initial introduction of the pharmaceutical into either healthy human volunteers or patients with the disease (20 to 50 subjects), the emphasis is on testing for safety (adverse effects), dosage tolerance, metabolism, distribution, excretion and clinical pharmacology. Phase II involves studies in a limited patient population (50 to 200 patients) to determine the initial efficacy of the pharmaceutical for specific targeted indications, to determine dosage tolerance and optimal dosage and to identify possible adverse side effects and safety risks. Once a compound shows preliminary evidence of some effectiveness and is found to have an acceptable safety profile in Phase II evaluations, Phase III trials are undertaken to more fully evaluate clinical outcomes in a larger patient population in adequate and well-controlled studies designed to yield statistically sufficient clinical data to demonstrate efficacy and safety.

In the U.S., specific pre-clinical data, manufacturing and chemical data, as described above, need to be submitted to the FDA as part of an IND application, which, unless the FDA objects, will become effective 30 days following receipt by the FDA. Phase I studies in human volunteers may commence only after the application becomes effective. Prior regulatory approval for human healthy volunteer studies is also required in member states of the E.U. Currently, in each member state of the E.U., following successful completion of Phase I studies, data are submitted in summarized format to the applicable regulatory authority in the member state in respect of applications for the conduct of later Phase II studies. The regulatory authorities in the E.U. typically have between one and three months in which to raise any objections to the proposed study, and they often have the right to extend this review period at their discretion. In the U.S., following completion of Phase I studies, further submissions to regulatory authorities are necessary in relation to Phase II and III studies to update the existing IND. Authorities may require additional data before allowing the studies to commence and could demand that the studies be discontinued at any time if there are significant safety issues. In addition to the regulatory review, a study involving human subjects has to be approved by an independent body. The exact composition and responsibilities of this body will differ from country to country. In the U.S., for example, each study will be conducted under the auspices of an independent institutional review board at each institution at which the study is conducted. This board considers among other things, the design of the study, ethical factors, the privacy of protected health information as defined under the Health Insurance Portability and Accountability Act, the safety of the human subjects and the possible liability risk for the institution. Equivalent rules to protect subjects' rights and welfare apply in each member state of the E.U. where one or more independent ethics committees, which typically operate similarly to an institutional review board, will review the ethics of conducting the proposed research. Other regulatory authorities around the rest of the world have slightly differing requirements involving both the execution of clinical trials and the import/export of pharmaceutical products. It is our responsibility to ensure we conduct our business in accordance with the regulations of each relevant territory.

By leveraging existing pre-clinical and clinical data, we are seeking build upon an existing pre-clinical and clinical safety and efficacy database to accelerate our research. In addition, our focus on end-stage population which has no current treatment options, commercialization may be achieved in an accelerated manner. Approval by the FDA in this category generally has been based on objective response rates and duration of responses rather than demonstration of survival benefit. As a result, trials of drugs to treat end-stage refractory cancer indications have historically involved fewer patients and generally have been faster to complete than trials of drugs for other indications. We are aware that the FDA and other similar agencies are regularly reviewing the use of objective endpoints for commercial approval and that policy changes may impact the size of trials required for approval, timelines and expenditures significantly.

In order to gain marketing approval we must submit a dossier to the relevant authority for review, which is known in the U.S. as an NDA and in the E.U. as a marketing authorization application, or MAA. The format is usually specific and laid out by each authority, although in general it will include information on the quality of the chemistry, manufacturing and pharmaceutical aspects of the product as well as the non-clinical and clinical data. Once the submitted NDA is accepted for filing by the FDA, it undertakes the review process that takes 10 months, unless an expedited priority review is granted which takes six months to complete. Approval can take several months to several years, if multiple 10-month review cycles are needed before final approval is obtained, if at all.

The approval process can be affected by a number of factors. The NDA may be approvable requiring additional pre-clinical, manufacturing data or clinical trials which may be requested at the end of the 10 month NDA review cycle, thereby delaying marketing approval until the additional data are submitted and may involve substantial unbudgeted costs. The regulatory authorities usually will conduct an inspection of relevant manufacturing facilities, and review manufacturing procedures, operating systems and personnel qualifications. In addition to obtaining approval for each product, in many cases each drug manufacturing facility must be approved. Further inspections may occur over the life of the product. An inspection of the clinical investigation sites by a competent authority may be required as part of the regulatory approval procedure. As a condition of marketing approval, the regulatory agency may require post-marketing surveillance to monitor for adverse effects or other additional studies as deemed appropriate. After approval for the initial indication, further clinical studies are usually necessary to gain approval for any additional indications. The terms of any approval, including labeling content, may be more restrictive than expected and could affect the marketability of a product.

The FDA offers a number of regulatory mechanisms that provide expedited or accelerated approval procedures for selected drugs in the indications on which we are focusing our efforts. These include accelerated approval under Subpart H of the agency's NDA approval regulations, fast track drug development procedures and priority review. At this time, we have not determined whether any of these approval procedures will apply to any of our current drug candidates.

The U.S., E.U. and other jurisdictions may grant orphan drug designation to drugs intended to treat a "rare disease or condition," which, in the U.S., is generally a disease or condition that affects no more than 200,000 individuals. In the E.U., orphan drug designation can be granted if: the disease is life threatening or chronically debilitating and affects no more than 50 in 100,000 persons in the E.U.; without incentive it is unlikely that the drug would generate sufficient return to justify the necessary investment; and no satisfactory method of treatment for the condition exists or, if it does, the new drug will provide a significant benefit to those affected by the condition. If a product that has an orphan drug designation subsequently receives the first regulatory approval for the indication for which it has such designation, the product is entitled to orphan exclusivity, meaning that the applicable regulatory authority may not approve any other applications to market the same drug for the same indication, except in very limited circumstances, for a period of seven years in the U.S. and 10 years in the E.U. Orphan drug designation does not prevent competitors from developing or marketing different drugs for the same indication or the same drug for different indications. Orphan drug designation must be requested before submitting an NDA or MAA. After orphan drug designation is granted, the identity of the therapeutic agent and its potential orphan use are publicly disclosed. Orphan drug designation does not convey an advantage in, or shorten the duration of, the review and approval process; however, this designation provides an exemption from marketing authorization (NDA) fees.

We are also subject to numerous environmental and safety laws and regulations, including those governing the use and disposal of hazardous materials. The cost of compliance with and any violation of these regulations could have a material adverse effect on our business and results of operations. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards prescribed by state and federal regulations, accidental contamination or injury from these materials may occur. Compliance with laws and regulations relating to the protection of the environment has not had a material effect on our capital expenditures or our competitive position. However, we are not able to predict the extent of government regulation, and the cost and effect thereof on our competitive position, which might result from any legislative or administrative action pertaining to environmental or safety matters.

Competition

The development and commercialization of new drugs is highly competitive and we may face competition established pharmaceutical and biotechnology companies, as well as from academic institutions, government agencies and private and public research institutions worldwide.

Various products currently are marketed for the treatment of GBM and other cancers that we may target with our product candidates and a number of companies are developing new treatments. Companies also developing products for GBM include but are not limited to Celgene Corp., Cell Therapeutics, Inc., Exelixis, Inc., YM Biosciences Inc, and many major pharmaceutical companies. Our success will be based in part on our ability to build and actively manage a portfolio of drugs that addresses unmet medical needs and create value in patient therapy.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Our commercial opportunity will be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects or are less expensive than products that we may develop. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies and technology licenses complementary to our programs or advantageous to our business.

We expect that our ability to compete effectively will depend upon our ability to:

- successfully and rapidly complete adequate and well-controlled clinical trials that demonstrate statistically significant safety and efficacy and to obtain all requisite regulatory approvals in a cost-effective manner;
- maintain a proprietary position for our manufacturing processes and other technology;
- attract and retain key personnel; and
- build an adequate sales and marketing infrastructure for any approved products.

Failure to do one or more of these activities could have an adverse effect on our business, financial condition or results of operations.

Employees

We currently do not have full-time employees, but retain the services of approximately 19 persons on an independent contractor/consultant and contract-employment basis. As such, currently operate in a "virtual" corporate structure in order to minimize fixed personnel costs. Over time, we plan to establish a base of full time employees and corporate infrastructure. We anticipate that in the near future, key personnel, including Jeffrey Bacha, our chief executive officer, and Dr. Dennis Brown, our chief scientific officer, will enter into employment agreements with the Company on customary terms.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management Discussion and Analysis (MD&A) contains "forward-looking statements", which represent our projections, estimates, expectations or beliefs concerning among other things, financial items that relate to management's future plans or objectives or to our future economic and financial performance. In some cases, you can identify these statements by terminology such as "may", "should", "plans", "believe", "will", "anticipate", "estimate", "expect" "project", or "intend", including their opposites or similar phrases or expressions. You should be aware that these statements are projections or estimates as to future events and are subject to a number of factors that may tend to influence the accuracy of the statements. These forward-looking statements should not be regarded as a representation by the Company or any other person that the events or plans of the Company will be achieved. You should not unduly rely on these forward-looking statements, which speak only as of the date of this MD&A. Except as may be required under applicable securities laws, we undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this MD&A or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe under "Risk Factors" in this report. Actual results may differ materially from any forward looking statement.

Overview

DelMar (BC) is a British Columbia, Canada corporation founded in 2010. We are a clinical and commercial stage drug development company with a focus on the treatment of cancer. Our mission is to benefit patients and create shareholder value by rapidly developing and commercializing anti-cancer therapies in orphan cancer indications where patients have failed modern therapy.

Our drug discovery research focuses on identifying well-validated clinical and commercial-stage compounds and establishing a scientific rationale for development in modern orphan drug indications. Promising candidates are further researched through our network of consultants and contract research organizations. This approach allows us to rapidly identify and advance potential drug candidates without significant investment in "wet lab" infrastructure. Based on this strategy, we acquired intellectual property and prototype drug product related to our lead drug candidate, VAL-083, from Valent in September 2010 and have identified multiple additional drug candidates that we may have the opportunity to license or acquire in the future.

VAL-083

Central Nervous System Cancers

Our lead product candidate, VAL-083, represents a "first in class" small-molecule chemotherapeutic. The molecular structure of VAL-083 is not an analogue or derivative of other small molecule chemotherapeutics approved for the treatment of cancer. VAL-083 has been assessed in multiple clinical studies sponsored by the National Cancer Institute ("NCI") in the United States as a treatment against various cancers including lung, brain, cervical, ovarian tumors and leukemia. Published pre-clinical and clinical data suggest that VAL-083 may be active against a range of tumor types. VAL-083 is approved as a cancer chemotherapeutic in China for the treatment of chronic myelogenous leukemia and lung cancer. VAL-083 has not been approved for any indications outside of China.

Upon obtaining regulatory approval, we intend to commercialize VAL-083 and other product candidates for the treatment of orphan and cancer indications where patients have failed other therapies or have limited medical options. Orphan diseases are defined in the United States under the Rare Disease Act of 2002 as "any disease or condition that affects less than 200,000 persons in the United States". The Orphan Drug Act of 1983 is a federal law that provides financial and other incentives including a period of market exclusivity to encourage the development of new treatments for orphan diseases.

We research the mechanism of action of our product candidates to determine the clinical indications best suited for therapy and rapidly advance our product candidates into human clinical trials and toward commercialization. In October 2011, we initiated clinical trials with VAL-083 as a potential new treatment for GBM, the most common and aggressive form of brain cancer. In April 2012, we presented data at the American Association of Cancer Research annual meeting demonstrating that VAL-083 maintains activity in tumors resistant to the current front-line GBM therapy, Temodar®. In November 2012, we presented interim data from our clinical trial at the Annual Meeting of the Society for NeuroOncology demonstrating that VAL-083 can shrink or halt the growth of tumors in brain cancer patients who have failed other approved treatments. Currently, there is no approved therapy for these patients.

In addition to our clinical development activities in the United States, we have obtained exclusive commercial rights to VAL-083 in China. In October 2012, we announced that we had entered into a collaboration agreement with the only manufacturer licensed by the SFDA to produce the product for the China market. This agreement provides us with exclusive commercial rights which position us to generate near-term revenue through product sales or royalties for its approved indications in China while we seek global approval in new indications.

VAL-083 was originally discovered in the 1960's. We have filed a broad portfolio of new patent applications to protect our intellectual property. Our patent applications claim compositions and methods related to the use of VAL-083 and related compounds as well as methods of synthesis and quality controls for the manufacturing process of VAL-083. We announced that VAL-083 has been granted Orphan Drug protection for the treatment of glioma, including GBM by the FDA in the United States and the EMA in February 2012 and January 2013, respectively. Orphan drugs generally follow the same regulatory development path as any other pharmaceutical product. However, incentives such as scientific advice and reduction or waiver of registration fees and access to specialized grant funding may be available to support and accelerate development of orphan drug candidates. In addition, DelMar (BC) may sell VAL-083 as a treatment for glioma without competition for seven years in the United States and for ten years in the European Union following market approval, in respect of a medicinal product containing a similar active substance for the same indication.

Lung Cancer

The activity of VAL-083 against solid tumors, including lung cancer, has been established in both pre-clinical and human clinical trials conducted by the NCI and by the drug's commercial approval in China. Decision Resources, Inc., forecasts that the NSCLC drug market will exceed USD $4.1 billion in 2012. We plan to establish a strong scientific and clinical rationale to support out-licensing activities to unlock the potential value of the drug in partnership with larger pharmaceutical companies with the resources and commercial infrastructure to effectively develop and launch a lung cancer product.

Additional Orphan Drug Indications

We have established a high-level scientific rationale for the development of VAL-083 in additional high-value orphan cancer indications. Acute Myeloid Leukemia ("AML") is of particular interest based on published human clinical data and lack of effective therapeutic options. We have initiated preliminary discussions with leading cancer researchers regarding the development of a clinical strategy for the development of VAL-083 in AML.

Developing Partnerships with Pharmaceutical Companies

Guangxi Wuzhou Pharmaceutical Company

DelMar (BC) has a strategic collaboration with Guangxi Wuzhou Pharmaceutical Company, a subsidiary of publicly traded Guangxi Wuzhou Zhongheng Group Co., Ltd. for the development of VAL-083 (marketed as "DAG" in China). VAL-083 is approved by the SFDA as a cancer chemotherapy for the treatment of Chronic Myelogenous Leukemia ("CML") and lung cancer. Guangxi Wuzhou Pharmaceuticals is licensed by the SFDA to manufacture and sell VAL-083 in China for these indications.

DelMar (BC) and Guangxi Wuzhou Pharmaceuticals plan to use new data being generated through DelMar's clinical programs to expand the market in China and to seek regulatory approval for the drug in multiple indications on a global basis. The collaboration expands the exclusive supply relationship between DelMar and Guangxi Wuzhou Pharmaceuticals to include the Chinese market and all markets outside China. The companies will work together to insure the product specifications meet global standards in order to accelerate international development and regulatory approval. Guangxi Wuzhou Pharmaceuticals will provide funding for clinical trials conducted in China and will be the exclusive supplier of DAG for injection and DelMar will be responsible for development and commercialization.

Reverse Acquisition

On January 25, 2013, we entered into and closed the Exchange Agreement (see Item 1.01).

As a result of the shareholders of DelMar (BC) having a controlling interest in DelMar Pharmaceuticals, Inc. subsequent to the transaction, for accounting purposes the transaction constitutes a reverse recapitalization with DelMar (BC) being the accounting acquirer even though legally DelMar (BC) is the acquiree. Therefore, the net assets of DelMar Pharmaceuticals, Inc. are recorded at fair value at the date of the transaction. No goodwill is recorded with respect to the transaction as it does not constitute a business combination.

Unit Offering

On January 25, 2012, the Company entered into and closed the Private Offering (see Item 1.01).

Related Parties

We acquired our VAL-083 prototype drug, patents and technology rights from Valent. In addition, Valent has incurred a significant portion of our clinical expenses during the period ended December 31, 2011 and has in turn invoiced us for those expenses. One of our officers and directors is also a Principal of Valent and as result Valent is a related party to us.

Valent Royalty Reduction Agreement

On January 21, 2013, Valent agreed to reduce its royalties on future sales of VAL-083 in exchange for 1,150,000 common shares of the Company.

Derivative Liability

Based on the terms of the warrants issued as part of our units issued during the year ended December 31, 2011, we determined that the warrants were a derivative liability which is recognized at fair value at the date of the transaction and re-measured at fair value every reporting period with gains or losses on the changes in fair value recorded in the statement of loss and comprehensive loss.

For the Nine Months Ended September 30, 2012 Compared to the Nine Months Ended September 30, 2011

Selected Financial Information

The financial information reported here in has been prepared in accordance with US GAAP. Our functional currency is the Canadian dollar ("CDN") but we report our results in United States Dollars ("USD"). The following table represents selected financial information for our three and nine months ended September 30, 2012 and 2011.

Selected Balance Sheet Data

	September 30, 2012 $	December 31, 2011 $
Cash and cash equivalents	55,300	15,018
Working capital (deficiency)	(604,955)	(770,987)
Total Assets	159,291	68,017
Derivative liability	(354,662)	(106,146)
Total shareholders' deficiency	(959,617)	(877,133)

Liquidity and Capital Resources

	September 30, 2012 $	December 31, 2011 $	Change $	Change %
Cash and cash equivalents	55,300	15,018	40,282	268
Current assets	159,291	68,017	91,274	134
Current liabilities	(764,246)	(839,004)	74,758	(9)
Working capital (deficiency)	(604,955)	(770,987)	166,032	22

	Nine Months Ended September 30, 2012 $	Nine Months Ended September 30, 2011 $	Change $	Change %
Cash used in operating activities	(631,288)	(65,415)	(565,873)	865
Cash flows from financing activities	671,570	100,056	571,514	571

Comparison of Cash Flow

Operating Activities

Net cash used in operating activities increased to $631,288 for the nine months ended September 30, 2012 from $65,415 for the nine months ended September 30, 2011. The increase was partially the result of an increase in the net loss to $1,977,084 for the nine months ended September 30, 2012 compared to $796,947 for the nine months ended September 30, 2011. The most significant change in non-cash working capital between the two periods was a change in accounts payable and accrued liabilities. For the nine months ended September 30, 2012 there was an inflow of $97,739 from an increase in accounts payable and accrued liabilities compared to an inflow of $478,643 for the nine months ended September 30, 2011. Partially offsetting the impact of the higher net loss and changes in working capital were non-cash items totaling $1,218,996 incurred in the current period consisting of interest, units issued for services, shares issued for services, warrants issued for services, and share-based compensation. The only non-cash item from the prior period was interest $5,053 and $190,690 for share-based payments.

Financing Activities

We received $671,570 in net proceeds from the issuance of units during the nine months ended September 30, 2012 compared to $100,056 in proceeds from the issuance of shares during the nine months ended September 30, 2011.

Operating Capital and Capital Expenditure Requirements

For the nine months ended September 30, 2012, we reported a loss of $1,977,084 and an accumulated deficit of $3,418,854 at that date. As at September 30, 2012, DelMar (BC) had cash and cash equivalents on hand of $55,300 and a negative working capital balance of $604,955. DelMar (BC) does not have the prospect of achieving revenues in the near future and DelMar (BC) will require additional funding to maintain its research and development projects and for general operations. These circumstances lend substantial doubt as to the ability of DelMar (BC) to meet its obligations as they come due.

Consequently, management is pursuing various financing alternatives to fund our operations so we can continue as a going concern. In addition, we have not begun to commercialize or generate revenues from any product candidate. Accordingly, we are considered to be in the development stage as defined in Accounting Standards Codification (ASC) 915-10. Management plans to secure the necessary financing through the issue of new equity and/or the entering into of strategic partnership arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

The September 30, 2012 financial statements have been prepared on a going concern basis which assumes that DelMar (BC) will continue its operations for the foreseeable future and contemplates the realization of assets and the settlement of liabilities in the normal course of business.

The conditions and risks noted above cast substantial doubt on the validity of that assumption. The September 30, 2012 financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that may be necessary and could potentially be material, should DelMar (BC) be unable to continue as a going concern.

Our future funding requirements will depend on many factors, including but not limited to:

- the rate of progress and cost of our clinical trials, preclinical studies and other discovery and research and development activities;
- the costs associated with establishing manufacturing and commercialization capabilities;
- the costs of acquiring or investing in businesses, product candidates and technologies;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- the costs and timing of seeking and obtaining FDA and other regulatory approvals;
- the effect of competing technological and market developments; and
- the economic and other terms and timing of any collaboration, licensing or other arrangements into which we may enter.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through public or private equity offerings, debt financings or strategic collaborations. Although we are not reliant on institutional credit finance and therefore not subject to debt covenant compliance requirements or potential withdrawal of credit by banks, the current economic climate has also impacted the availability of funds and activity in equity markets. We do not know whether additional funding will be available on acceptable terms, or at all. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more of our clinical trials or research and development programs or make changes to our operating plan. In addition, we may have to partner one or more of our product candidate programs at an earlier stage of development, which would lower the economic value of those programs to us.

Selected Statement of Operations Data

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2012 $	September 30, 2011 $	September 30, 2012 $	September 30, 2011 $
Research and development	229,488	272,462	1,217,021	620,469
General and administrative	218,732	61,279	781,324	127,833
Foreign exchange (gain) loss	(22,295)	41,738	(26,891)	32,965
Interest expense	1,900	10,628	5,630	15,680
Loss from operations	427,825	386,107	1,977,084	796,947
Weighted average number of shares outstanding	12,969,783	8,187,500	13,287,835	8,195,307
Loss per share	0.03	0.05	0.15	0.10

Comparison of the three months ended September 30, 2012 and 2011

	Three Months Ended			
	September 30, 2012 $	September 30, 2011 $	Change $	Change %
Research and development	229,488	272,462	(42,974)	(16)
General and administrative	218,732	61,279	157,453	257
Foreign exchange (gain) loss	(22,295)	41,738	(64,033)	(153)
Interest expense	1,900	10,628	(8,728)	(82)
Net loss	427,825	386,107	41,718	11

Research and Development

Research and development expenses decreased to $229,488 for the three months ended September 30, 2012 from $272,462 for the three months ended September 30, 2011. The largest components of research and development for both periods ended September 30 were clinical development expenses related to the clinical trials being undertaken with VAL-083. The clinical development costs were lower in the current period compared to the prior largely due to clinical preparation and start-up costs incurred in the three months ended September 30, 2011 compared to the three months ended September 30, 2012. Partially offsetting the impact of lower clinical development costs in 2012 compared to 2011 were higher contracted research and share-based payments incurred during the three months ended September 30, 2012 compared to the three months ended September 30, 2011. Contracted research costs were higher in the current period due to the initiation of pre-clinical research studies supporting new indications in the current period. There were no such preclinical studies on-going in the prior period. Share-based payments have increased partially due to stock option expenses as our first grant of stock options occurred in February 2012. Additionally, units were issued for services in both periods but for the three months ended September 30, 2012 agreements applicable to units for services covered the entire three months ended September 30, 2012 while in the three months ended September 30, 2011 units for services were applicable for only two months resulting in a lower expense in the prior period.

General and Administrative

General and administrative expenses were $218,732 for the three months ended September 30, 2012 compared to $61,279 for the three months ended September 30, 2011. The principal reasons for the increase were due to higher professional fees and share-based payments incurred in the current period compared to the prior period. The increase in professional fees related to costs incurred in the current period for the initiation of our first financial statement audit, legal fees related to the updating of our corporate records, and for business development fees incurred in relation to our collaboration in China and for activities relating to preparation for our financing expected to be completed in January 2013. Share-based payments have increased principally due to stock option expenses as our first grant of stock options occurred in February 2012. Additionally, units were issued for services in both periods but for the three months ended September 30, 2012 agreements applicable to units issued for services covered the entire three months ended September 30, 2012 while in the three months ended September 30, 2011 units for services were applicable for two months resulting in a lower expense in the prior period.

Foreign Exchange (Gain) Loss

Our functional currency is the CDN but we report our results in USD. The translation gains and losses are reported in other comprehensive loss/income. Foreign exchange gains and losses are the result of our incurring expenses in USD and then translating those USD expenses into CDN. We will continue to incur some expenses in USD and as a result will continue to be exposed to foreign exchange gains and losses in part because it is expected that the CDN will continue to be our functional currency.

We recognized a foreign exchange gain of $22,295 for the three months ended September 30, 2012 compared to a loss of $41,738 for the three months ended September 30, 2011. The change was due to changes in the exchange rate between the CDN and the USD and to varying levels of USD accounts payable.

Interest Expense

Pursuant to a loan agreement dated February 3, 2011, we obtained a loan from Valent in the amount of $250,000 for the purchase of the prototype drug product. The loan is unsecured and bears interest at 3.00% per year. As a result of the loan payable we recognized $1,900 respectively in accrued interest for each of the three month periods ended September 30, 2012 and 2011. During the three months ended September 30, 2011 we were was charged $8,728 in interest expense relating to outstanding trade payable balances.

Comparison of the nine months ended September 30, 2012 and 2011

	Nine Months Ended			
	September 30, 2012 $	September 30, 2011 $	Change $	Change %
Research and development	1,217,021	620,469	596,552	96
General and administrative	781,324	127,833	653,491	511
Foreign exchange (gain) loss	(26,891)	32,965	(59,856)	(182)
Interest expense	5,630	15,680	(10,050)	(64)
Net loss	1,977,084	796,947	1,180,137	148

Research and Development

Research and development expenses increased to $1,217,021 for the nine months ended September 30, 2012 from $620,469 for the nine months ended September 30, 2011. The largest component of research and development for the nine months ended September 30, 2012 was share-based payments. The large increase in share-based payments for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 was due to increases in the recognition of the fair value of shares issued from the Del Mar Employee share Purchase Trust ("Trust") to employees and consultants for services rendered to us, stock option expenses as our first grant of stock options occurred in February 2012, the recognition of the fair value of shares issued for services, and the increase in the fair value amount recognized for units issued for services. In the prior period shares issued from the Trust did not occur until October 2011 and there were no shares issued for services to September 30, 2011 so as a result there were no expenses related to these two items recognized during the nine months ended September 30, 2011. Units were issued for services in both periods but for the nine months ended September 30, 2012 agreements applicable to units issued for services covered the entire nine months ended September 30, 2012 while in the nine months ended September 30, 2011 units for services were applicable for two months resulting in a lower expense in the prior period.

Additionally, contracted research and travel were higher during the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011. Contracted research costs were higher in the current period due to the initiation of pre-clinical research studies supporting new indications in the current period. There were no such preclinical studies on-going in the prior period. Travel has increased in the current period compared to the prior period as a result of increased travel to scientific and medical conferences. Partially offsetting the impact of higher contracted research, travel and share-based payments was a reduction in clinical development expenses related to the clinical trials being undertaken with VAL-083 for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011. The clinical development costs were lower in the current period compared to the prior largely due to clinical preparation and start-up costs incurred in the nine months ended September 30, 2011 compared to the nine months ended September 30, 2012.

General and Administrative

General and administrative expenses were $781,324 for the nine months ended September 30, 2012 compared to $127,833 for the nine months ended September 30, 2011. The principal reasons for the increase were due to higher professional fees, share-based payments, and personnel costs incurred in the current period compared to the prior period. The increase in professional fees related to costs incurred for the initiation of our first financial statement audit, legal fees related to the updating of our corporate records, and for business development fees incurred in relation to our collaboration in China and for activities relating to preparation for our financing expected to be completed in January 2013. Share-based payments have increased partially due to stock option expenses as our first grant of stock options occurred in February 2012. Additionally, units were issued for services in both periods but for the nine months ended September 30, 2012 agreements applicable to units issued for services covered the entire nine months ended September 30, 2012 while in the nine months ended September 30, 2011 units for services were applicable for two months resulting in a lower expense in the prior period. Personnel costs increased in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 due to an increase in salaries paid in the current period compared to the prior period.

Foreign Exchange (Gain) Loss

Our functional currency is the CDN but we report our results in USD. The translation gains and losses are reported in other comprehensive loss/income. Foreign exchange gains and losses are the result of us incurring expenses in USD and then translating those USD expenses into CDN. We will continue to incur some expenses in USD and as a result will continue to be exposed to foreign exchange gains and losses in part because it is expected that the CDN will continue to be our functional currency.

We recognized a foreign exchange gain of $26,891 for the nine months ended September 30, 2012 compared to a loss of $32,965 for the nine months ended September 30, 2011. The change was due to changes in the exchange rate between the CDN and the USD and to varying levels of USD accounts payable.

Interest Expense

Pursuant to a loan agreement dated February 3, 2011, we received a loan from Valent in the amount of $250,000 for the purchase of the prototype drug product. The loan is unsecured and bears interest at 3.00% per year. As a result of the loan payable we recognized $5,630 and $5,053 respectively in accrued interest for the nine month periods ended September 30, 2012 and 2011. During the nine months ended September 30, 2011 we were charged $10,627 in interest expense relating to outstanding trade payable balances.

For the Year Ended December 31, 2011 Compared to the Period From April 6, 2010 (Inception) to December 31, 2010

Selected Annual Information

The financial information reported here in has been prepared in accordance with US GAAP. Our functional currency is CDN but we report our results in USD. The following table represents selected financial information for us as of December 31, 2011 and 2010.

Selected Balance Sheet Data

	December 31, 2011 $	December 31, 2010 $
Cash and cash equivalents	15,018	24,375
Working capital (deficiency)	(770,987)	(1,516)
Total Assets	68,017	299,259
Derivative liability	(106,146)	-
Total shareholder's deficiency	(877,133)	(1,516)

Liquidity and Capital Resources

	December 31, 2011 $	December 31, 2010 $	Change $	Change %
Current assets	68,017	299,259	(231,242)	(77)
Current liabilities	(839,004)	(300,775)	(538,229)	(179)
Working capital (deficiency)	(770,987)	(1,516)	(769,471)	50,757

	December 31, 2011 $	December 31, 2010 $	Change $	Change %
Cash used in operating activities	(228,689)	(49,189)	(179,500)	(365)
Cash flows from financing activities	219,332	73,564	145,768	198

Comparison of Cash Flow

Operating Activities

Net cash used in operating activities increased to $228,689 for the year ended December 31, 2011 from $49,189 for the period ended December 31, 2010. The increase was largely the result of an increase in the net loss to $1,333,011 for the year ended December 31, 2011 compared to $108,759 for the period ended December 31, 2010. We were incorporated on April 6, 2010 and did not have significant operations until the last quarter of 2010 while in 2011 we operated for a full year. Partially offsetting the impact of the higher net loss were non-cash items totaling $536,543 incurred in the current period consisting of interest, units issued for services, warrants issued for patents, share-based compensation and the non-cash acquisition of the prototype drug product. The only non-cash item from the prior period was $32,091 for share-based payments. The most significant change in non-cash working capital for the year ended December 31, 2011 was an inflow of $596,229 from an increase in accounts payable and accrued liabilities compared to an inflow of $31,000 for the period ended December 31, 2010.

Financing Activities

We received $190,826 in net proceeds from the issuance of units and $28,506 in proceeds from the issuance of common shares during the year ended December 31, 2011 compared to $73,564 in proceeds from the issuance of common shares during the period ended December 31, 2010.

Operating Capital and Capital Expenditure Requirements

For the year ended December 31, 2011, we reported a loss of $1,333,011 and an accumulated deficit of $1,441,770 at that date. As at December 31, 2011, DelMar (BC) has cash and cash equivalents on hand of $15,018 and a negative working capital balance of $770,987. We do not have the prospect of achieving revenues in the near future and DelMar (BC) will require additional funding to maintain its research and development projects and for general operations. These circumstances lend substantial doubt as to the ability of DelMar (BC) to meet its obligations as they come due.

Consequently, management is pursuing various financing alternatives to fund DelMar (BC)'s operations so it can continue as a going concern. In addition, we have not begun to commercialize or generate revenues from any product candidate. Accordingly, we are considered to be in the development stage as defined in Accounting Standards Codification (ASC) 915-10. Management plans to secure the necessary financing through the issue of new equity and/or the entering into of strategic partnership arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

Our financial statements have been prepared on a going concern basis which assumes that DelMar (BC) will continue its operations for the foreseeable future and contemplates the realization of assets and the settlement of liabilities in the normal course of business.

The conditions and risks noted above cast substantial doubt on the validity of that assumption. Our financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that may be necessary and could potentially be material, should DelMar (BC) be unable to continue as a going concern.

Selected Statement of Operations Data

	Year Ended December 31, 2011 $	Period From April 6, 2010 (inception) to December 31, 2010 $	Change $	Change %
Research and development	1,051,139	41,657	1,009,482	2,423
General and administrative	241,802	67,599	174,203	258
Foreign exchange (gain) loss	18,137	(497)	18,634	3,749
Interest expense	21,933	-	21,933	100
Loss from operations	1,333,011	108,759	1,224,252	1,126
Weighted average number of shares outstanding	8,527,466	6,145,688	-	-
Loss per share	(0.16)	(0.02)	-	-

Year Ended December 31, 2011 compared to the Period From April 6, 2010 (Inception) to December 31, 2010

Research and Development

Research and development expenses increased to $1,051,139 for the year ended December 31, 2011 from $41,657 for the period ended December 31, 2010. We were incorporated on April 6, 2010 and for the period ended December 31, 2010 focused on corporate development and technology acquisition. The largest components of research and development for the year ended December 31, 2011 were clinical development expenses related to the clinical trials being undertaken with VAL-083, share-based payments related primarily to units issued to our management for services rendered to us, and to intellectual property costs related to our acquisition of the VAL-083 patents from Valent. It is expected that research and development costs will continue to increase in the future as we continue our clinical trials, pursue expansion of the indications for VAL-083, and look to advance our collaboration in China.

General and Administrative

General and administrative expenses were $241,802 for the year ended December 31, 2011 compared to $67,599 for the period ended December 31, 2010. In addition to the impact of us operating for a full year in 2011 compared to a partial year in 2010, general and administrative expenses increased primarily due to travel expenses to attend business development meetings and conferences and to share-based payments related primarily to units issued to our management for services rendered to us. It is expected that general and administrative expenses will increase in the future as we will require additional administrative support for its expansion of its research and development activities.

Foreign Exchange (Gain) Loss

Our functional currency is the CDN but we report our results in USD. The translation gains and losses are reported in other comprehensive loss/income. Foreign exchange gains and losses are the result of our incurring expenses in USD and then translating those USD expenses into CDN. We will continue to incur some expenses in USD and as a result will continue to be exposed to foreign exchange gains and losses in part because it is expected that the CDN will continue to be our functional currency.

We recognized a foreign exchange loss of $18,137 for the year ended December 31, 2011 compared to a gain of $497 for the period ended December 31, 2010. The change was due to changes in the exchange rate between the CDN and the USD and to varying levels of USD accounts payable.

Interest Expense

Pursuant to a loan agreement dated February 3, 2011, we received a loan from Valent in the amount of $250,000 for the purchase of the prototype drug product. The loan is unsecured and bears interest at 3.00% per year. As a result of the loan payable at December 31, 2011 we recognized $6,831 in accrued interest. During the year ended December 31, 2011 we were charged $15,102 in interest expense relating to outstanding trade payable balances. Neither of these items occurred in the period ended December 31, 2010. Interest expense on the Valent loan is expected to continue into future periods.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities. We review our estimates on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We believe the judgments and estimates required by the following accounting policies to be critical in the preparation of our financial statements.

Share for Services

We have issued equity instruments for services provided by to employees and nonemployees. The equity instruments are valued at the fair value of the instrument granted. We have transferred shares from the DelMar Employee Share Purchase Trust (the "Trust") to consultants and management in exchange for services rendered to the Company. We recognize the fair value of the shares transferred as an expense with a corresponding increase in common stock. The shares reserved for issuance to consultants and management that are held by the Trust are included in the financial statements at year end. There are no other assets in the Trust. The shares transferred from the Trust have been valued using the fair value of the shares transferred. We have used recent share transactions in order to determine the fair value of the shares transferred from the Trust.

Stock options

We account for these awards under ASC 718, "Compensation - Stock Compensation" ("ASC 718"). ASC 718 requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation over the requisite service period for awards expected to vest. Compensation expense for unvested options to non-employees is revalued at each period end and is being amortized over the vesting period of the options. The determination of grant-date fair value for stock option awards is estimated using the Black-Scholes model, which includes variables such as the expected volatility of our share price, the anticipated exercise behavior of its grantee, interest rates, and dividend yields. These variables are projected based on our historical data, experience, and other factors. Changes in any of these variables could result in material adjustments to the expense recognized for share-based payments. Such value is recognized as expense over the requisite service period, net of estimated forfeitures, using the straight-line attribution method. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from current estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including type of awards granted, employee class, and historical experience. Actual results and future estimates may differ substantially from current estimates.

Derivative liability

We account for certain warrants under the authoritative guidance on accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, on the understanding that in compliance with applicable securities laws, the warrants require the issuance of securities upon exercise and do not sufficiently preclude an implied right to net cash settlement. We classify warrants in our balance sheet as a derivative liability which is fair valued at each reporting period subsequent to the initial issuance. We use a probability-weighted Black-Scholes pricing model to value the warrants. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates (specifically probabilities) used may cause the value to be higher or lower than that reported. The estimated volatility of our common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility of similar life sciences companies. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term.

Item 3. Properties.

Our corporate headquarters are located at Suite 720-999 West Broadway, Vancouver, British Columbia, Canada. Our clinical operations are managed at 3475 Edison Way, Suite R, Menlo Park, California. Our current monthly base rent for our corporate headquarters is Cdn $1,600 under a month-to-month lease that commenced in February 2012. We also maintain access to our facilities in California through an agreement with Valent. Our leased premises, academic relationships, and access to the Valent facility are sufficient to meet the immediate needs of our business, research and operations.

Item 4. Security Ownership of Certain Beneficial Owner and Management.

The following table sets forth certain information, as of the date of filing of this report, with respect to the beneficial ownership of the outstanding common stock by (i) any holder of more than five (5%) percent; (ii) each of the Company's executive officers and directors; and (iii) the Company's directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned.

Name of Beneficial Owner (1)	Common Stock Beneficially Owned	Percentage of Common Stock (2)
Directors and Officers:		
Jeffrey Bacha	6,837,083 (3)	30.7%
Dennis Brown	3,893,542 (4)	23.7%
Bill Garner	200,000 (5)	1.3%
Lisa Guise 36 Mclean Street Red Bank, NJ 07701	100,000 (6)	*
Scott Praill	150,000(12)	*
All officers and directors as a group	11,180,625	47.4%
Beneficial owners of more than 5%:		
Howard K. Fuguet	2,000,000(7)	12.2%
Don Bahout	2,085,000 (8)	12.6%
Robert Mike Newsome	1,152,500 (9)	7.2%
Raymond L. Vollintine	2,031,000(10)	12.3%
Bershaw & Co. FBO Salida Accelerator Fund s.a.r.l. #013285408	2,000,000(11)	11.5%

* Less than 1%

(1) Except as otherwise indicated, the address of each beneficial owner is c/o DelMar Pharmaceuticals, Inc., Suite 720 - 999 West Broadway, Vancouver, British Columbia, Canada V5Z 1K5.
(2) Applicable percentage ownership is based on 15,445,362 shares of common stock outstanding as of January 30, 2013, together with securities exercisable or convertible into shares of common stock within 60 days January 30, 2013 for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock that are currently exercisable or exercisable within 60 days of January 30, 2013 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.
(3) Includes 6,467,083 shares issuable upon exchange of Exchangeable Shares (including 2,608,541 shares held in trust), 150,000 shares issuable upon exercise of options, and 220,000 shares issuable upon exercise of warrants.
(4) Includes 1,650,000 shares held by Valent, 840,000 shares issuable upon exercise of warrants (including 500,000 shares issuable upon exercise of warrants held by Valent), and 150,000 shares issuable upon exercise of options.
(5) Includes 50,000 shares issuable upon exercise of warrants and 150,000 shares issuable upon exercise of options. Does not include 2,593,541 shares issuable upon exchange of Exchangeable Shares held for Mr. Garner in trust by Mr. Bacha.
(6) Includes 50,000 shares issuable upon exercise of warrants.
(7) Includes 1,000,000 shares issuable upon exercise of warrants.
(8) Includes 1,042,500 shares issuable upon exercise of warrants.
(9) Includes 576,250 shares issuable upon exercise of warrants.
(10) Includes 515,500 shares held by RL Vollintine Construction Inc. and 1,015,500 shares issuable upon exercise of warrants (including 515,500 shares issuable upon exercise of warrants held by RL Vollintone Inc.
(11) Includes 1,000,000 shares issuable upon exchange of Exchangeable Shares and 1,000,000 shares issuable upon exercise of warrants.
(12) Includes 50,000 shares issuable upon exercise of options.

Item 5. Directors and Executive Officers.

Below are the names and certain information regarding the Company's executive officers and directors following the acquisition of DelMar (BC).

Name	Age	Position
Jeffrey Bacha (1)	44	President and Chief Executive Officer
Dennis Brown	63	Chief Scientific Officer
Scott Praill	46	Chief Financial Officer
Bill Garner (1)	46	--
John K. Bell (1)	66	--
Lisa Guise (1)	42	Director

(1) Effective upon the Company's meeting its information obligations under the Exchange Act Lisa Guise will resign as a director of the Company, and Jeffrey Bacha, Dennis Brown, Bill Garner and John K. Bell will be elected directors of the Company.

Jeffrey Bacha, BSc, MBA, Chief Executive Officer, President, is one of our founders and has been President, Chief Executive Officer and Director of DelMar (BC) since inception. Mr. Bacha is a seasoned executive leader with nearly twenty years of life sciences experience in the areas of operations, strategy and finance. His background includes successful public and private company building from both a start-up and turn around perspective; establishing and leading thriving management and technical teams; and raising capital in both the public and private markets. From July 2006 to August 2009, Mr. Bacha was Executive Vice President Corporate Affairs and Chief Operating Officer at Clera, Inc. From March 2005 to July 2006 Mr. Bacha was Consultant and held various positions at Clera Inc., Urigen Holdings Inc. and XBiotech, Inc. From 1999 through 2004, Mr. Bacha served as President & CEO of Inimex Pharmaceuticals, a venture-capital funded drug discovery and development company and is a former Senior Manager and Director of KPMG Health Ventures. Mr. Bacha holds an MBA from the Goizueta Business School at Emory University and a degree in BioPhysics from the University of California, San Diego.

Dr. Dennis M. Brown, PhD, Chief Scientific Officer, is one of our founders and has served as Chief Scientific Officer and Director of DelMar (BC) since inception. Dr. Brown has more than thirty years of drug discovery and development experience. He has served as Chairman of Mountain View Pharmaceutical's Board of Directors since 2000 and is the President of Valent. In 1999 he founded ChemGenex Therapeutics, which merged with a publicly traded Australian company in 2004 to become ChemGenex Pharmaceuticals (ASX: CXS/NASDAQ: CXSP), of which he served as President and a Director until 2009. He was previously a co-founder of Matrix Pharmaceutical, Inc., where he served as Vice President (VP) of Scientific Affairs from 1985-1995 and as VP, Discovery Research, from 1995-1999. He also previously served as an Assistant Professor of Radiology at Harvard University Medical School and as a Research Associate in Radiology at Stanford University Medical School. He received his B.A. in Biology and Chemistry (1971), M.S. in Cell Biology (1975) and Ph.D. in Radiation and Cancer Biology (1979), all from New York University. Dr. Brown is an inventor of about 34 issued U.S. patents and applications, many with foreign counterparts.

Scott Praill, Chief Financial Officer, has been Chief Financial Officer of the Company since January 29, 2013 and previously served as a consultant to DelMar (BC). Since 2004, Mr. Praill has been an independent consultant providing accounting and administrative services to companies in the resource industry. Mr. Praill served as CFO of Strata Oil & Gas, Inc. from June 2007 to September 2008. From November 1999 to October 2003 Mr. Praill was Director of Finance at Inflazyme Pharmaceuticals Inc. Mr. Praill completed his articling at Price Waterhouse (now PricewaterhouseCoopers LLP) and obtained his Chartered Accountant designation in 1996. Mr. Praill obtained his Certified Public Accountant (Illinois) designation in 2001. Mr. Praill received a Financial Management Diploma (Honors), from British Columbia Institute of Technology in 1993, and a Bachelor of Science from Simon Fraser University in 1989.

Dr. Bill Garner, MD, MPH. Dr. Garner is one of our founders and has served as a director of DelMar (BC) since inception and is currently CEO of Invion Ltd. (ASX:IVX). Dr. Garner is an experienced entrepreneur and investor and is a three-time Kauffman Finalist. He served as President and Chief Executive Officer of Urigen Pharmaceuticals, Inc. (URGP.PK) from December 2005 to December 2010 where he moved a procedure-based drug from a university license to a phase II multi-center clinical trial which achieved statistical significance on all end points in Painful Bladder Syndrome/Interstitial Cystitis. He is founder and managing director of EGB Advisors, LLC, a pharmaceutical commercialization boutique. Through this entity, Dr. Garner has worked on a number of pharmaceutical business transactions and has raised financing for both Urigen Pharmaceuticals, Inc. and another company that he founded, Inverseon, Inc., which is developing a novel therapy for smoking cessation, asthma and other pulmonary diseases. Before this, Dr. Garner worked in medical affairs at Hoffmann LaRoche in oncology. Prior to Roche, Dr. Garner was in the venture capital department at Paramount Capital Investments in New York City. He serves on the boards of ImmunoGenetix in Kansas City and Angel Investor Card in San Francisco. Dr. Garner has a Master of Public Health from Harvard and received his M.D. degree from New York Medical College. Dr. Garner did residency training in Anatomic Pathology at Columbia-Presbyterian and is currently a licensed physician in the State of New York.

Lisa Guise will resign as a director of the Company effective upon the Company's meeting its information obligations under the Exchange Act. Ms. Guise served as Chief Executive Officer, Chief Financial Officer, President, Secretary, Treasurer and sole director of Berry from November 2011 until the closing of the Reverse Acquisition on January 25, 2013. Ms. Guise graduated Syracuse University. Ms. Guise received her Bachelor's of Science degree in speech communications in 1991. Over the past few years Ms. Guise has been an independent business consultant. Her experience includes working with management of privately-held companies to maximize productivity as well as general corporate matters. Ms. Guise has experience in various industries including fitness and transportation.

John K. Bell. John K. Bell is Chairman of Onbelay Capital Inc, a Canadian based private equity Company with principal investments in Telematics and auto parts manufacturing (for past 5 years). Prior to that, from 1996 to 2005, Mr. Bell was CEO and owner of Polymer Technologies Inc., an automotive parts manufacturer. Prior to that, from 1977 to 1995, Mr. Bell was founder and owner of Shred-Tech Limited a global manufacturer and supplier of industrial shredders and mobile document shredders. Mr Bell served as interim CEO and director of ATS Automation Tooling Systems (TSX-ATA) in 2007. Mr. Bell is a director of BSM Wireless (TSX-GPS), Strongco Corporation (TSX-SQP), and the Royal Canadian Mint (TSX-MNT). Mr. Bell is National secretary and board member of The Crohns and Colitis Foundation of Canada. Mr. Bell is past Chairman of Waterloo Regional Police, Cambridge Memorial Hospital, Canada's Technology Triangle accelerator network and The Region of Waterloo prosperity counsel. Mr. Bell is a graduate of Western University Ivey School of Business, a Fellow of the institute of Chartered Accountants of Ontario, a graduate of the Institute of Directors Program of Canada and the owner's president program at Harvard and International marketing program at Oxford.

The Company's directors are elected at the annual meeting of shareholders to hold office until the annual meeting of shareholders for the ensuing year or until their successors have been duly elected and qualified. Officers are elected annually by the Board of Directors and serve at the discretion of the Board.

Board Leadership Structure and Role in Risk Oversight

Due to the small size and early stage of the Company, we have not adopted a formal policy on whether the Chairman and Chief Executive Officer positions should be separate or combined. Following Ms. Guise's resignation, these roles will be combined with Mr. Bacha serving as Chief Executive Officer and Chairman.

Our Board of Directors is primarily responsible for overseeing our risk management processes on behalf of the Company. The Board of Directors receives and reviews periodic reports from management, auditors, legal counsel, and others, as considered appropriate regarding our company's assessment of risks. The Board of Directors focuses on the most significant risks facing our company and our company's general risk management strategy, and also ensures that risks undertaken by our Company are consistent with the board's appetite for risk. While the board oversees our company's risk management, management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our company and that our board leadership structure supports this approach.

Involvement in Certain Legal Proceedings

To our knowledge, our directors and executive officers have not been involved in any of the following events during the past ten years:

1. any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;

4. being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. being subject of, or a party to, any Federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any Federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

6. being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Board Committees

Currently, the Board does not have any standing audit, nominating or compensation committees, or committees performing similar functions. The Company's sole Director performs the duties of an audit committee. The Company's Board does not have a nominating committee as, prior to the Reverse Acquisition, the Company had no operating business. The functions customarily performed by a nominating committee have been performed by the Company's sole Director.

Item 6. Executive Compensation.

During its last two fiscal years, Berry did not pay any compensation to its officers or directors.

The following table sets forth all compensation paid in respect of DelMar (BC)'s principal executive officer and those individuals who received compensation in excess of $100,000 per year for 2011 and 2010. No other officer of DelMar (BC) received compensation in excess of $100,000 for 2008 and 2009.

Name and Principal Position	Year	Salary (US$)	Total (US$)
Jeffrey Bacha CEO	2012	$ 144,072	$ 144,072
	2011	$ 60,671	$ 60,671
Dennis Brown, Chief Scientific Officer	2012	$ 120,060	$ 120,060
	2011	$ 60,671	$ 60,671

Pursuant to consulting agreements dated August 1, 2011 with each of DelMar (BC)'s three officers and directors, DelMar (BC) agreed to compensate its officers and directors for services rendered to it, in the amount of an aggregate of Cdn $27,000 ($12,000 for Mr. Bacha, $10,000 for Dr. Brown, and $5,000 for Mr. Garner) per month commencing August 1, 2011 and ending December 31, 2012. Under the consulting agreements, DelMar (BC) and the respective officer or director mutually agreed that a portion of the compensation payable under the respective agreement for the year ended December 31, 2011 shall be deemed to have been invested in the unit offering of DelMar (BC) completed on October 3, 2011 (see "Recent Sales of Unregistered Securities").

Under two of these agreements for the year ended December 31, 2012, the directors elected to receive a portion of their aggregate compensation in the form of units. During the nine months ended September 30, 2012 DelMar (BC) issued 360,000 units for a total amount of Cdn $180,000. The units issued relate to an amount of $15,000 per month from January to December 2012 inclusive.

The Company anticipates entering into employment agreement with Mr. Bacha and Dr. Brown in the near future.

Outstanding Equity Awards at Fiscal Year-End

Berry had no outstanding equity awards or equity compensation plan as of June 30, 2012. Effective as of the closing of the Reverse Acquisition on January 25, 2013, outstanding options to purchase 1,020,000 common shares of DelMar (BC) were deemed to be amended such that, rather than entitling the holder to acquire common shares of DelMar (BC), such options will entitle the holders to acquire shares of the Company.

Director Compensation

No director of DelMar (BC) or Berry received any compensation for services as director for DelMar (BC)'s or Berry's last fiscal year.

Risk Management

The Company does not believe risks arising from its compensation policies and practices for its employees are reasonably likely to have a material adverse effect on the Company.

Item 7. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions

On September 12, 2010, DelMar (BC) entered into a Patent Assignment Agreement (the "Assignment") with Valent Technologies LLC pursuant to which Valent assigned to DelMar (BC) its rights to patent applications and the prototype drug product related to VAL-083. In accordance with the Assignment the consideration paid by DelMar (BC) was $250,000 to acquire the prototype drug product. In accordance with the terms of the Assignment, Valent is entitled to receive a future royalty on certain revenues derived from the development and commercialization of VAL-083. In the event that DelMar (BC) terminates the agreement, DelMar (BC) may be entitled to receive royalties from Valent's subsequent development of VAL-083 depending on the development milestones DelMar (BC) has achieved prior to the termination of the Assignment.

On January 24, 2013, the Company issued to Valent 1,150,000 shares of common stock, in exchange for Valent agreeing to reduce certain royalties payable to it under the Assignment.

Pursuant to a loan agreement dated February 3, 2011, between DelMar (BC) and Valent, Valent loaned DelMar $250,000 for the purchase of the prototype drug product under the Assignment. The loan is unsecured, bears interest at 3% per year, and is payable on demand.

In addition, under the terms of the Assignment, DelMar issued to Valent warrants to acquire 500,000 common shares at an exercise price of Cdn $0.50 per upon the completion of the financing transaction that closed in February 2012.

On April 30, 2012, DelMar (BC) issued 500,000 common shares in partial settlement of accounts payable in the amount of Cdn $250,000 (U.S. $253,050) owed to Valent.

Director Independence

Lisa Guise, our sole current director, is not independent as defined under the Nasdaq Marketplace Rules. Effective upon the Company's meeting its information obligations under the Exchange Act, Lisa Guise will also resign as the sole director of the Company, and Jeffrey Bacha, Dennis Brown, Bill Garner, and John K. Bell will be elected directors of the Company.

Item 8. Legal Proceedings

We are not party to any legal proceedings.

Item 9. Market Price of and Dividends on Common Equity and Related Stockholder Matters

The Company's common stock is quoted on the OTC Bulletin Board under the symbol "DMPI". There has not been any significant trading to date in the Company's common stock.

As of January 30, 2013, there are approximately 74 holders of record of the Company's common stock.

As of January 30, 2013: (i) 25,746,503 shares of common stock are subject to outstanding options or warrants to purchase, or securities convertible into, common stock; (ii) 0 shares of common stock can be sold pursuant to Rule 144 under the Securities Act of 1933, as amended, and (iii) 0 shares of common stock are being, or has been publicly proposed to be, publicly offered by the Company.

Dividends

The Company has never declared or paid any cash dividends on its common stock. The Company currently intends to retain future earnings, if any, to finance the expansion of its business. As a result, the Company does not anticipate paying any cash dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

As of June 30, 2012, Berry did not have any equity compensation plan. Effective as of the closing of the Reverse Acquisition on January 25, 2013, outstanding options to purchase 1,020,000 common shares of DelMar (BC) were deemed to be amended such that, rather than entitling the holder to acquire common shares of DelMar (BC), such options will entitle the holders to acquire shares of the Company.

Item 10. Recent Sales of Unregistered Securities

See Item 1.01.

On August 26, 2009, Berry issued 6,779,662 shares of common stock for an aggregate purchase price of $10,000.

Between March and May, 2010, Berry issued 10,000,000 shares of common stock for an aggregate purchase price of $29,500.

On April 29, 2010, Berry issued 3,389,821 shares of common stock for an aggregate purchase price of $10,000.

On October 24, 2011, 6,800,000 shares of commons stock of Berry were surrendered and cancelled.

On May 27, 2010, DelMar (BC) issued 7,000,000 common shares at CDN $0.001 per share for total gross proceeds of $Cdn $7,000 (U.S. $6,667).

On May 27, 2010, DelMar (BC) issued 2,000,000 common shares to the DelMar Employees Share Purchase Trust, a trust established by DelMar (BC). The shares were subsequently transferred to various consultants for services provided.

On August 27, 2010, DelMar (BC) issued 720,000 common shares at CDN $0.10 per share for total proceeds of Cdn $72,000 (U.S. $68,414).

On September 8, 2010, DelMar (BC) issued 280,000 common shares at CDN $0.10 per share for total proceeds of Cdn $28,000 (US $26,989).

DelMar (BC) issued 500,000 units on October 3, 2011, 100,000 units on October 7, 2011, and 50,000 units on November 11, 2011, at a purchase price of Cdn $0.50 per unit or total consideration of Cdn $325,000 (U.S. $310,570). Each unit consisted of one common share and share purchase warrant. Of the total consideration of Cdn $325,000, Cdn $125,000 relates to non-cash consideration received for the provision of services by officers and directors of DelMar (BC) and the settlement of accounts payable with an officer of DelMar (BC).

DelMar (BC) issued 4,150,000 units on January 23, 2012, 560,000 units on February 27, 2012, and 50,000 units on May 10, 2012, at a purchase price Cdn $0.50 per unit or total consideration of Cdn $2,380,000 (U.S.$2,365,034). The proceeds from the issuance of 3,000,000 of these units were held in escrow and subsequently the units were cancelled by DelMar (BC) and the funds returned to the subscriber.

Included in the total consideration of Cdn $2,380,000 (US $2,365,034) was Cdn $180,000 (US $181,168) relating to non-cash consideration received for the provision of services by officers and directors of DelMar (BC). All of the units issued pursuant to the consulting agreements were issued in February 2012.

Between June 1, 2012 and January 1, 2013 inclusive DelMar (BC) issued 160,000 common shares for services.

On April 30, 2012, DelMar (BC) issued 500,000 common shares in settlement of accounts payable in the amount of Cdn $250,000 (U.S. $253,050) owed to Valent.

The transactions described above were exempt from registration under Section 4(2) of the Securities Act and under Regulation S promulgated by the SEC.

Item 11. Description of Registrant's Securities to be Registered.

The Company's authorized capital stock consists of 200,000,000 shares of common stock, par value of $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.001 per share, of which 1 share has been designated Special Voting Preferred Stock. As of the date of the filing of this report, there are 15,445,362 shares of the Company's common stock and 1 share of Special Voting Preferred Stock issued and outstanding.

Holders of the Company's common stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of common stock do not have cumulative voting rights. Therefore, holders of a majority of the shares of common stock voting for the election of directors can elect all of the directors. Holders of the Company's common stock representing a majority of the voting power of the Company's capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders. A vote by the holders of a majority of the Company's outstanding shares is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to the Company's certificate of incorporation.

Holders of the Company's common stock are entitled to share in all dividends that the board of directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock. The Company's common stock has no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to the Company's common stock.

The Company's articles of incorporation authorize the issuance of 5,000,000 shares of "blank check" preferred stock, par value $0.001 per share, in one or more series, subject to any limitations prescribed by law, without further vote or action by the stockholders. Each such series of preferred stock shall have such number of shares, designations, preferences, voting powers, qualifications, and special or relative rights or privileges as shall be determined by our board of directors, which may include, among others, dividend rights, voting rights, liquidation preferences, conversion rights and preemptive rights.

Pursuant to the Certificate of Designation of the Company's Special Voting Preferred Stock, one share of the Company's blank check preferred stock has been designated as Special Voting Preferred Stock. The Special Voting Preferred Stock votes as a single class with the common stock and is entitled to a number of votes equal to the number of Exchangeable Shares of Exchangeco outstanding as of the applicable record date (i) that are not owned by the Company or any affiliated companies and (ii) as to which the holder has received voting instructions from the holders of such Exchangeable Shares in accordance with the Trust Agreement.

The Special Voting Preferred Stock is not entitled to receive any dividends or to receive any assets of the Company upon any liquidation, and is not convertible into common stock of the Company.

The voting rights of the Special Voting Preferred Stock will terminate pursuant to and in accordance with the Trust Agreement. The Special Voting Preferred Stock will be automatically cancelled at such time as the share of Special Voting Preferred Stock has no votes attached to it.

Item 12. Indemnification of Directors and Officers

Neither our Articles of Incorporation nor Bylaws prevent us from indemnifying our officers, directors and agents to the extent permitted under the Nevada Revised Statute ("NRS"). NRS Section 78.7502 provides that a corporation shall indemnify any director, officer, employee or agent of a corporation against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with any the defense to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to Section 78.7502(1) or 78.7502(2), or in defense of any claim, issue or matter therein.

NRS 78.7502(1) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

NRS Section 78.7502(2) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

NRS Section 78.747 provides that except as otherwise provided by specific statute, no director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the director or officer acts as the alter ego of the corporation. The court as a matter of law must determine the question of whether a director or officer acts as the alter ego of a corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed hereby in the Securities Act and we will be governed by the final adjudication of such issue.

Item 13. Financial Statements and Supplementary Data

Reference is made to the filings by Berry on Form 10-K and 10-Q for Berry's financial statements.

The financial statements of DelMar (BC) begin on Page F-1.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 15. Exhibits.

See Item 9.01.

Item 3.02 Unregistered Sales of Equity Securities.

See Item 1.01.

Item 4.01 Change in Registrant's Certifying Accountant.

Effective January 25, 2013, the Board of Directors of the Company dismissed John Kinross-Kennedy ("Kinross-Kennedy") as its independent registered accountant and engaged PricewaterhouseCoopers LLP ("PWC") to serve as its independent registered accounting firm. Kinross-Kennedy's audit reports on the Company's financial statements for the fiscal years ended June 30, 2012 and 2011 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that, the audit reports included an explanatory paragraph with respect to the uncertainty as to the Company's ability to continue as a going concern. During the years ended June 30, 2012 and 2011 and during the subsequent interim period preceding the date of Kinross-Kennedy's dismissal, there were (i) no disagreements with Kinross-Kennedy on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, and (ii) no reportable events (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

PWC is the independent registered accounting firm for DelMar (BC), and its report on the financial statements of DelMar (BC) at December 31, 2011 and 2010 and for the period from April 6, 2010 (date of incorporation) to December 31, 2010 and the year ended December 31, 2011 is included in this current report on Form 8-K. Prior to engaging PWC, the Company did not consult with PWC regarding the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on the Company's financial statements.

The Company has requested Kinross-Kennedy to furnish it with a letter addressed to the SEC stating whether it agrees with the statements made above by the Company. The Company has filed this letter as an exhibit to this 8-K.

Item 5.01 Changes in Control of Registrant.

See Item 2.01.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

See Item 1.01.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Effective January 25, 2013, the Company changed its fiscal year from June 30 to that of DelMar (BC) of December 31.

Item 5.06 Change in Shell Company Status.

See Item 1.01.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of DelMar (BC) are included following the signature page.

(b) Pro forma financial information. See exhibit 99.1.

(c) Shell Company Transactions. See (a) and (b) of this Item 9.01.

(d) Exhibits

Exhibit Number	Description
2.1	Exchange Agreement, dated January 25, 2013, among the Company, Exchangeco, Callco, DelMar (BC) and securityholders of DelMar (BC)
10.1	Intercompany Funding Agreement, dated January 25, 2013, between the Company and Exchangeco
10.2	Support Agreement, dated January 25, 2013, among the Company, Exchangeco and Callco
10.3	Voting and Exchange Trust Agreement, dated January 25, 2013, among the Company, Callco, Exchangeco, and the Trustee
10.4	Form of Subscription Agreement
10.5	Form of Registration Rights Agreement
10.6	Form of Investor Warrant
10.7	Form of Dividend Warrant
10.8 †	Memorandum of Understanding and Collaboration Agreement between Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd. and DelMar (BC)
10.9 †	Patent Assignment Agreement, dated September 12, 2010, between DelMar (BC) and Valent
10.10 †	Amendment, dated January 21, 2013, to Patent Assignment Agreement, dated September 12, 2010, between DelMar (BC) and Valent
16	Letter from John Kinross-Kennedy
99.1	Pro forma financial information

† Confidential treatment is requested for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Exchange Act. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and filed separately with the Commission

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DELMAR PHARMACEUTICALS, INC.

Dated: January 31, 2013

By: /s/ *Jeffrey Bacha*
Jeffrey Bacha
Chief Executive Officer

DelMar Pharmaceuticals (BC) Ltd.

(a development stage company)

Condensed Interim Financial Statements
(Unaudited)
For the nine months ended September 30, 2012
(expressed in US dollars unless otherwise noted)

DelMar Pharmaceuticals (BC) Ltd.
(a development stage company)
Condensed Interim Balance Sheets
(Unaudited)

(expressed in US dollars unless otherwise noted)

	Note	September 30, 2012 $	December 31, 2011 $
Assets			
Current assets			
Cash and cash equivalents		55,300	15,018
Taxes and other receivables	3	12,876	38,802
Prepaid expenses	5	91,115	14,197
		159,291	68,017
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		446,473	561,145
Loan payable	4	262,461	256,831
Related party payables	5	55,312	21,028
		764,246	839,004
Derivative liability	6	354,662	106,146
		1,118,908	945,150
Stockholders' Deficiency			
Common stock			
Authorized - unlimited number with no par value Issued and outstanding - 12,990,000 at September 30, 2012 (December 31, 2011 - 9,059,375)	7	1,936,247	418,611
Additional paid-in capital		207,406	103,727
Warrants	7	313,924	-
Deficit accumulated during the development stage	7	(3,418,854)	(1,441,770)
Accumulated other comprehensive income		1,660	42,299
		(959,617)	(877,133)
		159,291	68,017

Nature of operations and going concern (note 1)

Subsequent events (note 8)

Approved by the Board of Directors

(signed) Jeffrey Bacha Director

(signed) Dennis Brown Director

The accompanying notes are an integral part of these condensed interim financial statements.

DelMar Pharmaceuticals (BC) Ltd.
(a development stage company)
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited)

(expressed in US dollars unless otherwise noted)

	Notes	Three months ended September 30,		Nine months ended September 30,		Balance from April 6, 2010 (inception) to September 30,
		2012 $	2011 $	2012 $	2011 $	2012 $
Expenses						
Research and development		229,488	272,462	1,217,021	620,469	2,309,817
General and administrative		218,732	61,279	781,324	127,833	1,090,781
		(448,220)	(333,741)	(1,998,345)	(748,302)	(3,400,598)
Other income (loss)						
Foreign exchange gain (loss)		22,295	(41,738)	26,891	(32,965)	9,251
Interest expense		(1,900)	(10,628)	(5,630)	(15,680)	(27,507)
		20,395	(52,366)	21,261	(48,645)	(18,256)
Net loss for the period		(427,825)	(386,107)	(1,977,084)	(796,947)	(3,418,854)
Basic and diluted loss per share		(0.03)	(0.05)	(0.15)	(0.10)	
Weighted average number of shares		12,969,783	8,187,500	13,287,835	8,195,307	
Comprehensive loss						
Net loss		(427,825)	(386,107)	(1,977,084)	(796,947)	(3,418,854)
Other comprehensive (loss) income						
Translation to US dollar presentation currency		(24,982)	55,632	(40,639)	53,935	1,660
Comprehensive loss		(452,807)	(330,475)	(2,017,723)	(743,012)	(3,417,194)

The accompanying notes are an integral part of these condensed interim financial statements.

DelMar Pharmaceuticals (BC) Ltd.
(a development stage company)
Condensed Interim Statements of Cash Flows
(Unaudited)

(expressed in US dollars unless otherwise noted)

	Nine months ended September 30,		Balance from April 6, 2010 (inception) to September 30,
	2012 $	2011 $	2012 $
Cash flows from operating activities			
Loss for the period	(1,977,084)	(796,947)	(3,418,854)
Items not affecting cash			
Interest	5,630	5,053	12,461
Units issued for services	135,108	-	230,248
Shares issued for services	39,626	-	39,626
Warrants issued for patents	-	-	89,432
Warrants issued for services	49,379	-	49,379
Share-based compensation	989,253	-	1,116,484
Prototype drug product	-	190,690	-
	(758,088)	(601,204)	(1,881,224)
Changes in non-cash working capital			
Other receivables	25,926	(750)	(12,876)
Prepaid expenses	(31,149)	(1,068)	(45,346)
Accounts payable and accrued liabilities	97,739	478,643	977,955
Related party payables	34,284	58,964	55,312
	(631,288)	(65,415)	(906,179)
Cash flows from investing activities			
Net proceeds from the issuance of units	671,570	-	859,409
Net proceeds from the issuance of common shares	-	100,056	102,070
	671,570	100,056	961,479
Increase in cash and cash equivalents	40,282	34,641	55,300
Cash and cash equivalents - beginning of period	15,018	24,375	-
Cash and cash equivalents - end of period	55,300	59,016	55,300
Supplementary information			
Issuance of shares for the settlement of accounts payable (notes 4 and 5)	253,050	-	253,050
Issuance of units for the settlement of accounts payable	-	-	23,785
Non-cash share issuance costs (note 7)	160,818	-	175,113
Settlement of accounts payable with a loan payable (note 4)	-	250,000	250,000

The accompanying notes are an integral part of these condensed interim financial statements.

(expressed in US dollars unless otherwise noted)

1 Going concern and nature of operations

Going concern

For the year nine months ended September 30, 2012, the Company reported a loss of $1,977,084 and an accumulated deficit of $3,418,854 at that date. As at September 30, 2012, DelMar had cash and cash equivalents on hand of $55,300 and a negative working capital balance of $604,955. DelMar does not have the prospect of achieving revenues in the near future and DelMar will require additional funding to maintain its research and development projects and for general operations. These circumstances lend substantial doubt as to the ability of DelMar to meet its obligations as they come due.

Consequently, management is pursuing various financing alternatives to fund DelMar's operations so it can continue as a going concern. In addition, the Company has not begun to commercialize or generate revenues from any product candidate. Accordingly, the Company is considered to be in the development stage as defined in Accounting Standards Codification (ASC) 915-10. Management plans to secure the necessary financing through the issue of new equity and/or the entering into of strategic partnership arrangements. Nevertheless, there is no assurance that these initiatives will be successful (note 8).

These financial statements have been prepared on a going concern basis which assumes that DelMar will continue its operations for the foreseeable future and contemplates the realization of assets and the settlement of liabilities in the normal course of business.

The conditions and risks noted above cast substantial doubt on the validity of that assumption. These financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that may be necessary and could potentially be material, should DelMar be unable to continue as a going concern.

Nature of operations

DelMar Pharmaceuticals Ltd. ("DelMar" or the "Company") is a development stage company focused on the discovery and development of new medicines with the potential to treat cancer patients who have failed modern targeted or biologic therapy. DelMar has initiated a clinical trial with its lead drug candidate VAL-083 for the treatment of refractory glioblastoma multiforme (GBM). The Phase I/II study is an open-label, single arm dose-escalation study designed to evaluate the safety, tolerability, pharmacokinetics and anti-tumor activity of VAL-083 in patients with histologically confirmed initial diagnosis of primary WHO Grade IV malignant glioma (GBM), now recurrent. Patients with prior low-grade glioma or anaplastic glioma are eligible, if histologic assessment demonstrates transformation to GBM.

The Company efforts have been devoted to research and development, raising capital, recruitment of personnel and long-term planning. The Company is currently a private company. The Company was incorporated on April 6, 2010 under the British Columbia Business Corporations Act and is domiciled in British Columbia, Canada. The address of its registered office is Suite 720 - 999 West Broadway, Vancouver, British Columbia, V5Z 1K5.

On May 27, 2010 the company issued shares to the founders of DelMar. As of this date, the Company did not have any operations or assets. Accordingly these founders' shares were issued at nominal value.

In the summer of 2010 the company began discussions with Valent Technologies LLC ("Valent") regarding the acquisition of certain intellectual property and a prototype drug product, VAL-083. During this time the company also began to develop a business plan for the development of VAL-083 as a potential new cancer therapy.

On September 12, 2010 DelMar executed a Patent Assignment Agreement with Valent to acquire the prototype drug product and certain intellectual property.

On October 20, 2010 DelMar filed an Investigational New Drug Application ("IND") with the United States Food & Drug Administration ("FDA") to initiate clinical trials with VAL-083 as a potential cancer treatment.

During the remainder of 2010 and the first half of 2011, DelMar conducted research requested by the FDA focused on developing new analytical methods related to manufacturing and conducting pre-clinical toxicology studies to enable the allowance of the IND. New patent applications were filed by DelMar to protect this new intellectual property.

In September 2011 DelMar announced that its IND application had been allowed by the FDA and in October, 2011 DelMar commenced its clinical trials in the United States with its lead drug candidate, VAL-083. Also in the last quarter of 2011 DelMar initiated its preclinical research into the molecular mechanism of action of VAL-083.

The prototype drug product acquired from Valent was used in DelMar's clinical trials undertaken in 2011 and preclinical studies conducted in 2011 and 2012.

In February 2012 DelMar received approval from the FDA Office of Orphan Products Development granting orphan drug designation for VAL-083 for the treatment of glioma, including glioblastoma multiforme ("GBM"), the most common and aggressive form of brain cancer.

In April 2012 DelMar presented results of research conducted in collaboration with the University of British Columbia. These data gathered differentiated the mechanism of action of VAL-083 from other drugs approved to treat GBM.

In the second quarter of 2012 patents from Valent were assigned to DelMar and DelMar continued to file new patents for various matters linked to Val-083.

In October 2012 DelMar announced a strategic collaboration with Guangxi Wuzhou Pharmaceutical Company, a subsidiary of publicly traded Guangxi Wuzhou Zhongheng Group Co., Ltd for the development of VAL-083, known as "DAG for Injection" in China.

In November 2012, DelMar presented interim clinical data demonstrating activity against GBM.

In January 2013 DelMar announced that the European Committee for Orphan Medicinal Products (COMP) has recommended the designation of VAL-083 as an orphan medicinal product for the treatment of glioma.

2 Significant accounting policies

Basis of presentation

The financial statements of DelMar have been prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP") and are presented in United States dollars. The Company's functional currency is the Canadian dollar.

The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all periods presented.

Unaudited interim financial data

The accompanying unaudited September 30, 2012 balance sheet, the statements of operations and comprehensive income (loss) and cash flows for the nine months ended September 30, 2011 and 2012, and the related interim information contained within the notes to the financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and the notes required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements. In the opinion of management, the unaudited interim financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair statement of the Company's financial position at September 30, 2012 and results of its operations and its cash flows for the nine months ended September 30, 2011 and 2012. The results for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the year ending December 31, 2012 or for any other future annual or interim period.

Clinical trial expenses

Clinical trial expenses are a component of research and development costs and include fees paid to contract research organizations, investigators and other vendors who conduct certain product development activities on behalf of the Company. The amount of clinical trial expenses recognized in a period related to service agreements are based on estimates of the work performed using an accrual basis of accounting. These estimates are based on patient enrollment, services provided and goods delivered, contractual terms and experience with similar contracts. The Company monitors these factors to the extent possible and adjusts our estimates accordingly. Prepaid expenses or accrued liabilities are adjusted if payments to service providers differ from estimates of the amount of service completed in a given period.

Share for services

The Company has issued equity instruments for services provided by to employees and nonemployees. The equity instruments are valued at the fair value of the instrument granted (see notes 6 and 7 for assumptions).

The Company has transferred shares from the DelMar Employee Share Purchase Trust (the "Trust") to consultants and management in exchange for services rendered to the Company. The Company recognizes the fair value of the shares transferred as an expense with a corresponding increase in common stock. The shares reserved for issuance to consultants and management that are held by the Trust are included in the financial statements at year end. There are no other assets in the Trust. The number of shares outstanding for issue from the Trust at September 30, 2012 is nil (December 31, 2011 - 1,590,625) (note 7).

The shares transferred from the Trust have been valued using the fair value of the shares transferred. The Company has used recent share transactions in order to determine the fair value of the shares transferred from the Trust.

Stock options

The Company accounts for these awards under ASC 718, "Compensation - Stock Compensation" ("ASC 718"). ASC 718 requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation over the requisite service period for awards expected to vest. Compensation expense for unvested options to non-employees is revalued at each period end and is being amortized over the vesting period of the options. The determination of grant-date fair value for stock option awards is estimated using the Black-Scholes model, which includes variables such as the expected volatility of the Company's share price, the anticipated exercise behavior of its grantee, interest rates, and dividend yields. These variables are projected based on the Company's historical data, experience, and other factors. Changes in any of these variables could result in material adjustments to the expense recognized for share-based payments. Such value is recognized as expense over the requisite service period, net of estimated forfeitures, using the straight-line attribution method. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from current estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including type of awards granted, employee class, and historical experience. Actual results and future estimates may differ substantially from current estimates.

Derivative liability

The Company accounts for certain warrants under the authoritative guidance on accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, on the understanding that in compliance with applicable securities laws, the warrants require the issuance of securities upon exercise and do not sufficiently preclude an implied right to net cash settlement. The Company classifies warrants in its balance sheet as a derivative liability which is fair valued at each reporting period subsequent to the initial issuance. The Company uses a probability-weighted Black-Scholes pricing model to value the warrants. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates (specifically probabilities) used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility of similar life sciences companies. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term.

Loss per share

Income or loss per share is calculated based on the weighted average number of common shares outstanding. Diluted loss per share does not differ from basic loss per share since the effect of the Company's warrants is anti-dilutive. Diluted income per share is calculated using the treasury stock method which uses the weighted average number of common shares outstanding during the period and also includes the dilutive effect of potentially issuable common shares from outstanding stock options and warrants. At September 31, 2012, potential common shares of 3,360,000 (September 30, 2011 - nil) relating to warrants and 1,020,000 (September 30, 2011 - nil) relating to stock options were excluded from the calculation of net loss per common share because their inclusion would be anti-dilutive.

Segment information

The Company identifies its operating segments based on business activities, management responsibility and geographical location. The Company operates within a single operating segment being the research and development of cancer indications, and operates in one geographic area, being Canada. All of the Company's assets are located in Canada.

Recent accounting pronouncements

The Company reviews new accounting standards as issued. No new standards had any material effect on these financial statements. The accounting pronouncements issued subsequent to the date of these financial statements that were considered significant by management were evaluated for the potential effect on these financial statements. Management does not believe any of the subsequent pronouncements will have a material effect on these financial statements as presented and does not anticipate the need for any future restatement of these financial statements because of the retro-active application of any accounting pronouncements issued subsequent to September 30, 2012 through the date these financial statements were issued.

3 Taxes and other receivables

On May 1, 2012 the Company was granted a third non-repayable financial contribution of up to $48,820 (CDN $48,000) from the National Research Council of Canada Industrial Research Assistance Program ("IRAP"). Awards under the IRAP grant directly reduce the Company's research and development costs by 75% of eligible expenses. Total expenses under this program will be $48,820 (CDN $48,000) of which $36,615 (CDN $36,000) will be reimbursed through IRAP. Under this IRAP grant the Company requested an aggregate total reimbursement of $10,209 (CDN $10,038) and has received $2,267 (CDN $2,583) to September 30, 2012 resulting in a receivable of $7,942 (CDN $7,455) at September 30, 2012.

4 Valent Technologies LLC agreement

Pursuant to a loan agreement dated February 3, 2011, the Company has entered a loan with Valent Technologies LLC ("Valent") for $250,000 for the purchase of the prototype drug product. The loan is unsecured and bears interest at 3.00% per year. The loan payable balance at September 30, 2012 is $262,461. The Company has accrued interest of $5,630 for the nine months ended September 30, 2012 (September 30, 2011 - $5,053).

Pursuant to its agreement with Valent, the Company is required to issue warrants to Valent under certain circumstances. The financing completed by the Company that closed in February 2012 resulted in the Company issuing 500,000 warrants to Valent on February 1, 2012 at an exercise price of CDN $0.50 per warrant (note 5). In exchange for the warrants Valent has assigned all of its right, title and interest in and to the patents for VAL-083 to the Company. The fair value of the contingent warrants of $89,432 has been recognized as an expense and a corresponding increase to additional paid-in capital at December 31, 2011. As a result of the warrants being issued the amount previously recognized as additional paid in capital has been reclassified to warrants at September 30, 2012.

(expressed in US dollars unless otherwise noted)

5 Related party transactions

During the nine months ended September 30, 2012

Pursuant to consulting agreements with the Company's three directors the Company pays a total of CDN $27,000 per month to its directors. Under two of these agreements the directors have elected to receive a portion of their aggregate compensation in the form of units. During the nine months ended September 30, 2012 the Company issued 360,000 units for a total amount of $181,168. The units issued relate to an amount of CDN $15,000 per month from January to December 2012 inclusive. All of the units were issued in February 2012 so as a result, the Company has recognized $135,108 in services and $46,060 in prepaid consulting at September 30, 2012 (note 6). Of the $135,108, $46,060 has been recognized as general and administrative and $89,048 has been recognized as research and development.

Additionally, under the consulting agreements the Company has paid two of its directors cash compensation totaling an aggregate $11,494 (CDN $12,000) per month. An amount of $103,447 (CDN $108,000) has been paid to the two directors for the nine months ended September 30, 2012.

Included in accounts payable at September 30, 2012 is an aggregate amount owing of $55,312 to two of the Company's directors.

Also included in accounts payable at September 30, 2012 is an amount of $244,007 relating to clinical development costs incurred by Valent on behalf of the Company. On April 30, 2012, Valent was issued 500,000 common shares for partial settlement of the Company's accounts payable balance with Valent. The total settlement amount was $253,050. Additionally, the Company also has a loan payable, including accrued interest, of $262,461 due to Valent at September 30, 2012. One of the directors and officers of the Company is also a Principal of Valent.

The Company granted an aggregate of 450,000 stock options at an exercise price of CDN $0.50 to its three directors (note 7).

The Company transferred a total of 1,390,625 shares from the DelMar Employee Share Purchase Trust in three equal tranches to each of the Company's three directors (note 7).

During the nine months ended September 30, 2011

Pursuant to the consulting agreements with each of the Company's officers and directors the Company has recognized $40,184 in compensation expense. Of the $40,184, $10,046 has been recognized as general and administrative and $30,138 has been recognized as research and development.

Additionally, the Company has paid $54,248 in cash compensation to one of its officers.

(expressed in US dollars unless otherwise noted)

6 Derivative liability

The Company issued 4,150,000 units on January 23, 2012, 560,000 on February 27, 2012, and 50,000 on May 10, 2012. The total 4,760,000 units were issued for CDN $0.50 per unit or total consideration of $2,365,034 (CDN $2,380,000). The proceeds from the issuance of 3,000,000 of these units were held in escrow and subsequently the units were cancelled by the Company and the funds returned to the subscriber. Of the remaining 1,760,000 units, 460,000 of the share purchase warrants issued expire October 31, 2013 and 1,300,000 expire on December 31, 2013. Depending on certain circumstances, the warrants have an escalating exercise price and a cashless exercise provision.

Included in the total consideration of $2,365,034 was $181,168 relating to non-cash consideration received for the provision of services by officers and directors of the Company (note 5). All of the units issued pursuant to the consulting agreements were issued in February 2012

In September 2011 the Company received $71,550 in proceeds relating to units issued in October 2011. As a result, the Company has recognized a subscriptions payable of $71,550 at September 30, 2011.

7 Stockholders' equity

Common stock

Authorized

Unlimited common shares without par value
Issued and outstanding at September 30, 2012 - 12,990,000 (December 31, 2011 - 9,059,375)

	Number of shares	Amount $
Balance – December 31, 2011	9,059,375	418,611
Proceeds allocated from the issuance of units (note 6)	4,760,000	1,514,804
Units subsequently cancelled (note 6)	(3,000,000)	(941,813)
Shares issued for services (a)	80,000	39,626
Fair value of shares issued from the Del Mar Employee Share Purchase Trust for services (b)	1,590,625	781,846
Shares issued for the settlement of accounts payable (note 5)	500,000	253,050
Issue costs	-	(129,877)
Balance – September 30, 2012	12,990,000	1,936,247

(expressed in US dollars unless otherwise noted)

a) Shares issued for services

Pursuant to a consulting agreement dated May 1, 2012 the Company is required to issue 20,000 common shares a month from June 1, 2012 to May 1, 2013 inclusive. Under this agreement the Company has issued 80,000 shares to September 30, 2012. The shares have been valued using the fair value of shares recently issued by the Company.

b) Shares issued to the DelMar Employees Share Purchase Trust

	Number of shares held in Trust
Balance – December 31, 2011	1,590,625
Shares transferred to employees and consultants for services	(1,590,625)
Balance – September 30, 2012	-

The Company has transferred shares from the Trust to various consultants for work or services performed for the Company. Of the 1,590,625 shares transferred out of the trust, an aggregate 1,390,625 were transferred in equal tranches to each of the Company's three directors. The Company has recognized the fair value of the shares transferred resulting in the recognition of $781,846 in expense and capital stock at September 30, 2012.

Stock Options

On February 1, 2012 the Company's board of directors approved its stock option plan (the "Plan"). Under the Plan the number of common shares that will be reserved for issuance to officers, directors, employees and consultants under the Plan will not exceed 7.5% of the share capital of the Company on a fully diluted basis. On February 1, 2012 the Company granted 930,000 options and on June 15, 2012 an additional 90,000 options were granted under the Plan. All of the stock options granted have an exercise price of CDN $0.50 and expire 10 years from the date of grant. Of the 1,020,000 stock options granted, 450,000 vest in equal monthly installments over one year and 570,000 vest in equal monthly installments over three years. Included in the total number of stock options granted were 450,000 granted in equal tranches to the Company's three directors.

In the event of the sale of 66 2/3% of the equity securities of the Company where equity securities include shares, warrants, stock options, and any convertible securities of the Company, any options not yet granted under the Plan shall be deemed granted to the principle founders of the Company on a pro-rata basis in accordance with their ownership of the Company on a fully-diluted basis immediately prior to the closing of such a sale.

(expressed in US dollars unless otherwise noted)

The following table sets forth the options outstanding under the Plan as of September 30, 2012:

	Number of stock options outstanding	Weighted average exercise price $Cdn
Balance - December 31, 2011	-	-
Granted	1,020,000	0.50
Balance - September 30, 2012	1,020,000	0.50

The following table summarizes stock options currently outstanding and exercisable at September 30, 2012:

	Exercise price $Cdn	Number outstanding at September 30, 2012	Weighted average remaining contractual life (years)	Weighted average exercise price $Cdn	Number exercisable at September 30, 2012	Exercise price $Cdn
$	0.50	1,020,000	9.37	0.50	413,722	0.50

The stock options have been valued using a Black-Scholes pricing model using the following assumptions: dividend rate - 0%, volatility - 97.3%, risk free rate - 1.25% and an initial term of approximately 3 years.

The Company has recognized the following amounts as stock-based compensation expense for the periods noted:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	$	$	$	$
Research and development	34,907	-	146,162	-
General and administrative	12,180	-	61,245	-
	47,087	-	207,407	-

The aggregate intrinsic value of stock options outstanding at September 30, 2012 was $nil and the aggregate intrinsic value of stock options exercisable at September 30, 2012 was also $nil. As of September 30, 2012 there was $90,018 in unrecognized compensation expense that will be recognized over the next twenty-eight months. No stock options have been exercised under the Plan.

(expressed in US dollars unless otherwise noted)

A summary of status of the Company's unvested stock options as of September 30, 2012 under all plans is presented below:

	Number of options	Weighted average exercise price $Cdn	Weighted average grant date fair value $Cdn
Unvested at December 31, 2011	-	-	-
Granted	1,020,000	0.50	0.304
Vested	(413,722)	0.50	0.304
Unvested at September 30, 2012	606,278	0.50	0.304

Warrants

	Number of Warrants	Amount $
Balance - December 31, 2011	-	-
Warrants issued for patents (i)	500,000	89,432
Warrants issued as unit issue costs (ii)	105,000	175,113
Warrants issued for services (iii)	345,000	49,379
	950,000	313,924

i) At December 31, 2011 the Company has recognized the fair value of the contingent Valent warrants (note 4). The contingent warrants were recognized in additional paid in capital at December 31, 2011 and have been reclassified to warrants when the warrants were issued on February 1, 2012. The fair value of the warrants was based on the fair value of the warrants included as part of the unit issuance.

ii) The Company has issued broker warrants as finder's fees in relation to the issuance of certain units. A portion of the units to which the finder's fees relate were issued during the year ended December 31, 2011 and a portion were issued during the nine months ended September 31, 2012. A total amount of $175,113 has been recognized as warrants with $14,295 being reclassified from additional paid in capital outstanding at December 31, 2011 and $160,818 being recognized for warrants issued in the nine months ended September 30, 2012. The warrants relating to these amounts were all issued on March 1, 2012. The fair value of the warrants was based on the fair value of the warrants included as part of the unit issuance.

iii) The Company has issued 345,000 warrants in for investor relations services. The warrants were issued on February 1, 2012 and they vest in 12 equal installments over a 12-month period commencing on March 1, 2012. The warrants expire on February 1, 2015. The fair value of the warrants was based on the fair value of the warrants included as part of the unit issuance.

(expressed in US dollars unless otherwise noted)

8 Subsequent events

Reverse acquisition

On January 25, 2013, the Company entered into and closed an Exchange Agreement with DelMar Pharmaceuticals Inc. (formerly Berry Only Inc. ("Berry")) (the "Acquisition"). The Acquisition transaction will result in Berry acquiring DelMar by issuing a sufficient number of shares such that the shareholders of DelMar will have a controlling interest in Berry subsequent to the completion of the Acquisition transaction. Simultaneous with the Acquisition transaction, Valent will be issued 1,150,000 common shares of Berry. The shares issued to Valent by Berry are being issued in exchange for Valent reducing certain royalties under its agreement with DelMar. Upon completion of the Acquisition DelMar will become a wholly-owned subsidiary of Berry. As a result of the shareholders of DelMar having a controlling interest in Berry subsequent to the transaction, for accounting purposes the transaction constitutes a reverse recapitalization with DelMar being the accounting acquirer even though legally DelMar is the acquiree. Therefore, the net assets of Berry are recorded at fair value at the date of the transaction. No goodwill is recorded with respect to the transaction as it does not constitute a business combination.

Unit offering

In connection with the Exchange Agreement, on January 25, 2013 Berry entered into and closed a series of subscription agreements with accredited investors (the "Investors"), pursuant to which Berry sold an aggregate of 6,704,938 Units at a purchase price of $0.80 per Unit, for aggregate gross proceeds of $5,363,950 (the "Private Offering"). Each Unit consists of one share of common stock and one five-year warrant (the "Investor Warrants") to purchase one share of common stock at an exercise price of $0.80. The exercise price of the Investor Warrants is subject to adjustment and are redeemable under certain circumstances.

Charles Vista, LLC (the "Placement Agent") was retained as the placement agent for the Private Offering. The Placement Agent was paid a cash fee of $536,395 (equal to 10% of the gross proceeds), a non-accountable expense allowance of $160,918 (equal to 3% of the gross proceeds), and a consulting fee of $60,000. In addition, the Company issued to the Placement Agent five-year warrants (the "Placement Agent Warrants) to purchase 2,681,975 shares of common stock (equal to 20% of the shares of common stock (i) included as part of the Units sold in the Private Offering and (ii) issuable upon exercise of the Investor Warrants) at an exercise price of $0.80, exercisable on a cash or cashless basis. The Company has agreed to engage the Placement Agent as its warrant solicitation agent in the event the Investor Warrants are called for redemption and will pay a warrant solicitation fee to the Placement Agent equal to 5% of the amount of funds solicited by the Placement Agent upon the exercise of the Investor Warrants following such redemption.

DelMar Pharmaceuticals (BC) Ltd.

(a development stage company)

Financial Statements

For the period from April 6, 2010 (inception) to December 31, 2010 and the year ended December 31, 2011

(in US dollars unless otherwise noted)

January 30, 2013

Report of Independent Registered Public Accounting Firm

To the Directors of
DelMar Pharmaceuticals (BC) Ltd.

We have audited the accompanying balance sheets, statements of operations and comprehensive loss, changes in stockholder's deficiency and cash flows of DelMar Pharmaceuticals (BC) Ltd. (the Company) (a development stage enterprise) at December 31, 2011 and 2010 and the results of its operations and cash flows for the period from April 6, 2010 (date of incorporation) to December 31, 2010 and for the year ended December 31, 2011 and, cumulatively for the period from April 6, 2010 to December 31, 2011. Management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DelMar Pharmaceuticals (BC) Ltd. as of December 31, 2011 and December 31, 2010 and the results of its operations and cash flows for the period from April 6, 2010 (date of incorporation) to December 31, 2010 and for the year ended December 31, 2011 and, cumulatively for the period from April 6, 2010 to December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1, the Company has a history of operating losses, has limited cash resources, and its viability is dependent upon its ability to meet its future financing requirements. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

DelMar Pharmaceuticals (BC) Ltd.
(a development stage company)
Balance Sheets
As at December 31, 2011 and 2010

(in US dollars unless otherwise noted)

	Note	2011 $	2010 $
Assets			
Current assets			
Cash and cash equivalents		15,018	24,375
Taxes and other receivables	4	38,802	14,785
Prepaid expenses		14,197	10,099
Prototype drug product	3	-	250,000
		68,017	299,259
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	561,145	279,412
Loan payable	3	256,831	-
Related party payables	8	21,028	21,363
		839,004	300,775
Derivative liability	6	106,146	-
		945,150	300,775
Stockholders' Deficiency			
Common stock			
Authorized - unlimited number with no par value			
Issued and outstanding - 9,059,375 (2010 - 8,256,250)	7	418,611	134,161
Additional paid-in capital	7	103,727	-
Subscriptions receivable	7	-	(28,506)
Deficit accumulated during the development stage		(1,441,770)	(108,759)
Accumulated other comprehensive income		42,299	1,588
		(877,133)	(1,516)
		68,017	299,259

Nature of operations and going concern (note 1)

Commitments and contingencies (note 10)

Subsequent events (note 12)

Approved by the Board of Directors

(signed) Jeffrey Bacha President and CEO (signed) Dennis Brown Director

The accompanying notes are an integral part of these financial statements.

DelMar Pharmaceuticals (BC) Ltd.
(a development stage company)
Statements of Operations and Comprehensive Loss

(in US dollars unless otherwise noted)

	Note	Year ended December 31, 2011 $	Period from April 6, 2010 to December 31, 2010 $	Period from April 6, 2010 (inception) to December 31, 2011 $
Expenses				
Research and development		1,051,139	41,657	1,092,796
General and administrative		241,802	67,599	309,401
		(1,292,941)	(109,256)	(1,402,197)
Other income (loss)				
Foreign exchange (loss) gain		(18,137)	497	(17,640)
Interest expense	3, 5	(21,933)	-	(21,933)
		(40,070)	497	(39,573)
Net loss for the period		(1,333,011)	(108,759)	(1,441,770)
Basic and diluted loss per share		(0.16)	(0.02)	-
Weighted average number of shares		8,527,466	6,145,688	-
Comprehensive loss				
Net loss		(1,333,011)	(108,759)	(1,441,770)
Other comprehensive (loss) income				
Translation to US dollar presentation currency		40,711	1,588	42,299
Comprehensive loss		(1,292,300)	(107,171)	(1,399,471)

The accompanying notes are an integral part of these financial statements.

DelMar Pharmaceuticals (BC) Ltd.
(a development stage company)
Statements of Changes in Stockholders' Deficiency
For the period from April 6, 2010 (inception) to December 31, 2010 and year ended December 31, 2011

(in US dollars unless otherwise noted)

	Number of shares	Common stock $	Additional paid-in capital $	Accumulate other comprehensive income $	Subscriptions receivable $	Deficit Accumulated during the development stage $	Stockholders' deficiency $
Balance at April 6, 2010 (inception)	-	-		-	-	-	-
Issuance of founders' shares (note 7)	7,000,000	6,667		-	-	-	6,667
Issuance of common shares (note 7)	1,000,000	95,403		-	(28,506)	-	66,897
Shares issued from Del Mar Employee Share Purchase Trust for services - net (note 7)	256,250	32,091	-	-	-	-	32,091
Comprehensive loss for the period	-	-	-	1,588	-	-	1,588
Loss for the period	-	-	-	-	-	(108,759)	(108,759)
Balance - December 31, 2010	8,256,250	134,161	-	1,588	(28,506)	(108,759)	(1,516)
Collection of subscriptions receivable	-	-		-	28,506	-	28,506
Issuance of units net of cash issue costs (note 7)	400,000	119,896		-	-	-	119,896
Issuance of units for services (note 7)	200,000	60,301		-	-	-	60,301
Issuance of units for settlement of accounts payable (note 7)	50,000	15,075		-	-	-	15,075
Issuance of warrants related to share issuance costs of units (note 7)	-	(5,962)	14,295	-	-	-	8,333
Issuance of warrants for patents (note 3)	-	-	89,432	-	-	-	89,432
Shares issued from Del Mar Employee Share Purchase Trust for services - net (note 7)	153,125	95,140	-	-	-	-	95,140
Comprehensive loss for the year	-	-	-	40,711	-	-	40,711

Loss for the year	-	-	-	-	-	(1,333,011)	(1,333,011)
Balance - December 31, 2011	9,059,375	418,611	103,727	42,299	-	(1,441,770)	(877,133)

The accompanying notes are an integral part of these financial statements.

DelMar Pharmaceuticals (BC) Ltd.
(a development stage company)
Statement of Cash Flows

(in US dollars unless otherwise noted)

	Year ended December 31, 2011 $	Period from April 6, 2010 to December 31, 2010 $	Period from April 6, 2010 (inception) to December 31, 2011 $
Cash flows from operating activities			
Loss for the year	(1,333,011)	(108,759)	(1,441,770)
Items not affecting cash			
Interest	6,831	-	6,831
Units issued for services	95,140	-	95,140
Warrants issued for patents	89,432	-	89,432
Prototype drug product	250,000	-	-
Share-based compensation	95,140	32,091	127,231
	(796,468)	(76,668)	(1,123,136)
Changes in non-cash working capital			
Other receivables	(24,017)	(14,785)	(38,802)
Prepaid expenses	(4,098)	(10,099)	(14,197)
Accounts payable and accrued liabilities	596,229	31,000	877,229
Related party payables	(335)	21,363	21,028
	(228,689)	(49,189)	(277,878)
Cash flows from financing activities			
Net proceeds from the issuance of common shares	28,506	73,564	102,070
Net proceeds from the issuance of units	190,826	-	190,826
	219,332	73,564	292,896
(Decrease) increase in cash and cash equivalents	(9,357)	24,375	15,018
Cash and cash equivalents - beginning of period	24,375	-	-
Cash and cash equivalents - end of period	15,018	24,375	15,018
Supplementary information			
Issuance of units for the settlement of accounts payable (notes 7 and 8)	23,785		23,785
Non-cash share issuance costs (note 7)	14,295	-	14,295
Acquisition of common shares by Del Mar Employee Share Purchase Trust (note 7)	-	1,904	1,904
Non-cash acquisition of the Prototype drug product (note 3)	-	250,000	-
Settlement of accounts payable with loan payable (note 3)	250,000	-	250,000

The accompanying notes are an integral part of these financial statements.

(in US dollars unless otherwise noted)

1 Going concern and nature of operations

Going concern

For the year ended December 31, 2011, the Company reported a loss of $1,333,011 and an accumulated deficit of $1,441,770 at that date. As at December 31, 2011, DelMar has cash and cash equivalents on hand of $15,018 and a negative working capital balance of $770,987. DelMar does not have the prospect of achieving revenues in the near future and DelMar will require additional funding to maintain its research and development projects and for general operations. These circumstances lend substantial doubt as to the ability of DelMar to meet its obligations as they come due (note 11).

Consequently, management is pursuing various financing alternatives to fund DelMar's operations so it can continue as a going concern (notes 12(h) and 12(i)). In addition, the Company has not begun to commercialize or generate revenues from any product candidate. Accordingly, the Company is considered to be in the development stage as defined in Accounting Standards Codification (ASC) 915-10. Management plans to secure the necessary financing through the issue of new equity and/or the entering into of strategic partnership arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on a going concern basis which assumes that DelMar will continue its operations for the foreseeable future and contemplates the realization of assets and the settlement of liabilities in the normal course of business.

The conditions and risks noted above cast substantial doubt on the validity of that assumption. These financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that may be necessary and could potentially be material, should DelMar be unable to continue as a going concern.

Nature of operations

DelMar Pharmaceuticals Ltd. ("DelMar" or the "Company") is a development stage company focused on the discovery and development of new medicines with the potential to treat cancer patients who have failed modern targeted or biologic therapy. DelMar has initiated a clinical trial with its lead drug candidate VAL-083 for the treatment of refractory glioblastoma multiforme (GBM). The Phase I/II study is an open-label, single arm dose-escalation study designed to evaluate the safety, tolerability, pharmacokinetics and anti-tumor activity of VAL-083 in patients with histologically confirmed initial diagnosis of primary WHO Grade IV malignant glioma (GBM), now recurrent. Patients with prior low-grade glioma or anaplastic glioma are eligible, if histologic assessment demonstrates transformation to GBM.

The Company efforts have been devoted to research and development, raising capital, recruitment of personnel and long-term planning. The Company is currently a private company. The Company was incorporated on April 6, 2010 under the British Columbia Business Corporations Act and is domiciled in British Columbia, Canada. The address of its registered office is Suite 720 - 999 West Broadway, Vancouver, British Columbia, V5Z 1K5.

(in US dollars unless otherwise noted)

On May 27, 2010 the company issued shares to the founders of DelMar. As of this date, the Company did not have any operations or assets. Accordingly these founders' shares were issued at nominal value.

In the summer of 2010 the company began discussions with Valent Technologies LLC ("Valent") regarding the acquisition of certain intellectual property and a prototype drug product, VAL-083. During this time the company also began to develop a business plan for the development of VAL-083 as a potential new cancer therapy.

On September 12, 2010 DelMar executed a Patent Assignment Agreement with Valent to acquire the prototype drug product and certain intellectual property.

On October 20, 2010 DelMar filed an Investigational New Drug Application ("IND") with the United States Food & Drug Administration ("FDA") to initiate clinical trials with VAL-083 as a potential cancer treatment.

During the remainder of 2010 and the first half of 2011, DelMar conducted research requested by the FDA focused on developing new analytical methods related to manufacturing and conducting pre-clinical toxicology studies to enable the allowance of the IND. New patent applications were filed by DelMar to protect this new intellectual property.

In September 2011 DelMar announced that its IND application had been allowed by the FDA and in October, 2011 DelMar commenced its clinical trials in the United States with its lead drug candidate, VAL-083. Also in the last quarter of 2011 DelMar initiated its preclinical research into the molecular mechanism of action of VAL-083.

The prototype drug product acquired from Valent was used in DelMar's clinical trials undertaken in 2011 and preclinical studies conducted in 2011 and 2012.

In February 2012 DelMar received approval from the FDA Office of Orphan Products Development granting orphan drug designation for VAL-083 for the treatment of glioma, including glioblastoma multiforme ("GBM"), the most common and aggressive form of brain cancer.

In April 2012 DelMar presented results of research conducted in collaboration with the University of British Columbia. These data gathered differentiated the mechanism of action of VAL-083 from other drugs approved to treat GBM.

In the second quarter of 2012 patents from Valent were assigned to DelMar and DelMar continued to file new patents for various matters linked to Val-083.

In October 2012 DelMar announced a strategic collaboration with Guangxi Wuzhou Pharmaceutical Company, a subsidiary of publicly traded Guangxi Wuzhou Zhongheng Group Co., Ltd for the development of VAL-083, known as "DAG for Injection" in China.

In November 2012, DelMar presented interim clinical data demonstrating activity against GBM.

(in US dollars unless otherwise noted)

In January 2013 DelMar announced that the European Committee for Orphan Medicinal Products (COMP) has recommended the designation of VAL-083 as an orphan medicinal product for the treatment of glioma.

2 Significant accounting policies

Basis of presentation

The financial statements of DelMar have been prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP") and are presented in United States dollars. The Company's functional currency is the Canadian dollar.

The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, expenses, contingent assets and contingent liabilities as at the end or during the reporting period. Actual results could significantly differ from those estimates. Significant areas requiring management to make estimates include the derivative liability and the valuation of equity instruments issued for services. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

a) Fair value of derivative liability

The derivative is not traded in an active market and the fair value is determined using valuation techniques. The Company uses judgment to select a variety of methods to make assumptions that are based on specific management plans and market conditions at the end of each reporting period. The Company uses a fair value estimate to determine the fair value of the derivative liability. The carrying value of the derivative liability would be higher or lower as management estimates around specific probabilities change. The estimates may be significantly different from those recorded in the financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in the fair value are recorded in the statement of loss each reporting period. This is considered to be a Level 3 financial instrument.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less. Cash and cash equivalents are held at a single recognized Canadian financial institution. Interest earned is recognized in the statements of loss.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. Transactions that are denominated in a foreign currency are re-measured into the functional currency at the current exchange rate on the date of the transaction. Any foreign currency denominated monetary assets and liabilities are subsequently re-measured at current exchange rates, with gains or losses recognized as foreign exchange losses or gains in the statement of operations. Nonmonetary assets and liabilities are translated at historical exchange rates. Expenses are translated at average exchange rates during the period. Exchange gains and losses are included in statement of operations for the period.

Adjustments arising from the translation of the Company's financial statements to United States dollars for presentation purposes due to differences between average rates and balance sheet rates are recorded in other comprehensive income.

The financial statements have been presented in a currency other than the functional currency of the Company as management has determined that the U.S. dollar is the common currency in which the Company's peers, being international drug and pharmaceutical companies, present their financial statements. For presentation purposes the assets and liabilities of the Company are translated to U.S. dollars at exchange rates at the reporting date. The historical equity transactions have been translated using historical rates in effect on the date that each transaction occurred. The income and expenses are translated to U.S. dollars at the average exchange rate for the period in which the transaction arose. Exchange differences arising are recognized in a separate component of equity titled accumulated other comprehensive income (loss).

Current and deferred income taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Income taxes are accounted for using the asset and liability method of accounting. Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases and for loss carry-forwards. Future income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the periods in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax laws or rates is included in earnings in the period that includes the enactment date. When realization of future income tax assets does not meet the more-likely-than-not criterion for recognition, a valuation allowance is provided.

(in US dollars unless otherwise noted)

Financial instruments

The Company has financial instruments that are measured at fair value. To determine the fair value, we use the fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use to value an asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs based on assumptions about the factors market participants would use to value an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

- Level one - inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level two - inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals; and
- Level three - unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and derivative liability. The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to the immediate or short-term maturity of these financial instruments.

As quoted prices for the derivative liability are not readily available, the Company used a probability adjusted Black-Scholes pricing model, as described in note 6 to estimate fair value. The derivative liability utilizes Level 3 inputs as defined above.

The Company has the following liabilities under the fair value hierarchy:

Asset/liability	Level 1	Level 2	Level 3
Derivative liability	-	-	106,146

(in US dollars unless otherwise noted)

Prototype drug product

The prototype drug product (the "drug") is stated at the lower of cost and net realizable value. The cost of the drug is comprised of direct costs related to the acquisition of the drug. During the year the Company recorded $nil in relation to these amounts as inventories (2010 - $250,000 was recorded as prototype drug product) and fully utilized in clinical and pre-clinical testing trials during the year ended December 31, 2011.

Intangible assets

Under its assignment agreement with Valent Technologies LLC ("Valent") (note 3) the Company has incurred certain costs relating to patents that will be assigned to the Company under its agreement with Valent. As the patents have not yet been assigned to the Company, the Company has expensed these costs for the year ended December 31, 2011.

Expenditures associated with the maintenance of licensing or technology agreements are expensed as incurred. Costs previously recognized as an expense are not recognized as an asset in subsequent periods.

Research and development costs

Research and development costs are expensed in the period incurred.

Clinical trial expenses

Clinical trial expenses are a component of research and development costs and include fees paid to contract research organizations, investigators and other vendors who conduct specific research for product development activities on behalf of the Company. The amount of clinical trial expenses recognized in a period related to service agreements is based on estimates of the work performed on an accrual basis. These estimates are based on patient enrollment, services provided and goods delivered, contractual terms and experience with similar contracts. The Company monitors these factors to the extent possible and adjusts our estimates accordingly. Prepaid expenses or accrued liabilities are adjusted if payments to service providers differ from estimates of the amount of service completed in a given period.

Government assistance and investment tax credits

The Company uses the cost reduction method of accounting for tax credits. Tax credits related to the acquisition of research equipment are deducted from the related asset with amortization being calculated on the net amount or to the expenditures in the determination of net income as the expenditures are incurred. These amounts are recognized when there is reasonable assurance they will be realized.

Non-refundable government grants are recorded as a reduction of expenses or in the cost of the asset. Grants in excess of expenditures are deferred to future periods, to be offset against any future expenditure to be incurred or credited to development costs if they exceed future expenditures.

The benefits of refundable investment tax credits for scientific research and experimental development expenditures are recognized in the year the qualifying expenditure is made when there is reasonable assurance the investment tax credits will be realized. The investment tax credits recorded are based on management's estimates of amounts expected to be recovered and are subject to audit by taxation authorities. The investment tax credit reduces the carrying cost of expenditures for equipment or research and development expenses to which it relates.

Shares for services

The Company has issued equity instruments for services provided by employees and nonemployees. The equity instruments are valued at the fair value of the instrument granted (see notes 6 and 7 for assumptions).

The Company has transferred shares from the DelMar Employee Share Purchase Trust (the "Trust") (note 7) to consultants and management in exchange for services rendered to the Company. The Company recognizes the fair value of the shares transferred as an expense with a corresponding increase in common stock. The shares reserved for issuance to consultants and management that are held by the Trust are included in the financial statements at year end. There are no other assets in the Trust. The number of shares outstanding for issue from the Trust at December 31, 2011 is 1,590,625 (2010 - 1,743,750) (note 7).

The shares transferred from the Trust have been valued using the fair value of the shares transferred. The Company used recent share transactions in order to determine the fair value of the shares transferred from the Trust.

Comprehensive income

In accordance with ASC 220, "Comprehensive Income" ("ASC 220") all components of comprehensive income, including net loss, are reported in the financial statements in the period in which they are recognized. Comprehensive income is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. Net loss and other comprehensive income, including foreign currency translation adjustments, are reported, net of any related tax effect, to arrive at comprehensive income. No taxes were recorded on items of other comprehensive income.

Derivative liability

The Company accounts for certain warrants under the authoritative guidance on accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, on the understanding that in compliance with applicable securities laws, the warrants require the issuance of securities upon exercise and do not sufficiently preclude an implied right to net cash settlement. The Company classifies warrants in its balance sheet as a derivative liability which is fair valued at each reporting period subsequent to the initial issuance. The Company uses a probability-weighted Black-Scholes pricing model to value the warrants. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates (specifically probabilities) used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility of similar life sciences companies. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term.

Loss per share

Income or loss per share is calculated based on the weighted average number of common shares outstanding. Diluted loss per share does not differ from basic loss per share since the effect of the Company's warrants is anti-dilutive. Diluted income per share is calculated using the treasury stock method which uses the weighted average number of common shares outstanding during the period and also includes the dilutive effect of potentially issuable common shares from outstanding stock options and warrants. At December 31, 2011, potential common shares of 650,000 (2010 - nil) related to outstanding warrants were excluded from the calculation of net loss per common share because their inclusion would be anti-dilutive.

Segment information

The Company identifies its operating segments based on business activities, management responsibility and geographical location. The Company operates within a single operating segment being the research and development of cancer indications, and operates in one geographic area, being Canada. All of the Company's assets are located in Canada.

Recent accounting pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

In December 2011, FASB issued Accounting Standards Update ("ASU") 2011-11 which amends the guidance in ASC 210, Balance Sheet (ASC 210). The ASU requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The ASU is effective for annual periods beginning on or after January 1, 2013. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented.

In June 2011, the FASB issued Accounting Standards ASU 2011-05 to amend the guidance on the presentation of comprehensive income in ASC 220. ASU 2011-05 requires companies to present a single statement of comprehensive income or two separate but consecutive statements, a statement of operations and a statement of comprehensive income. ASU 2011-05 eliminates the alternative to present comprehensive income within the statement of equity. ASU 2011-05 does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The ASU should be applied retrospectively and is effective for annual periods beginning after December 15, 2011. In December 2011, the FASB issued ASU 2011-12, which deferred the changes in ASU 2011-05 that relate to the presentation of reclassifications out of accumulated other comprehensive income.

In May 2011, the FASB issued ASU 2011-04, which amends the guidance on fair value measurement in ASC 820 to converge the fair value measurement and disclosure requirements under GAAP and International Financial Reporting Standards ("IFRS") fair value measurement and disclosure requirements. The amendments change the wording used to describe the requirements for measuring fair value, changes certain fair value measurement principles and enhances disclosure requirements. This guidance is effective for annual periods beginning after December 15, 2011, applied prospectively.

3 Valent Technologies LLC agreement

On September 12, 2010 the Company entered into a Patent Assignment Agreement (the "Assignment") with Valent Technologies LLC ("Valent") to acquire patents and the prototype drug product related to VAL-083. In accordance with the Assignment the consideration was $250,000 to acquire the prototype drug product. In addition, under certain circumstances Valent will assign, convey and transfer to the Company all its right, title and interest in and to the patents in exchange for share purchase warrants. The Company will then be responsible for the further development and commercialization of VAL-083. Valent retains an option to reacquire certain intellectual property until a Financing Transaction is completed by the Company. Under the Assignment, a 'Financing Transaction' is defined as a cumulative equity or debt financing(s), or a merger, acquisition, amalgamation, reverse takeover or other combination, or any combination of the foregoing, cumulatively totaling at least $2,000,000. In accordance with the terms of the Assignment, Valent is entitled to receive a future royalty on revenues derived from the development and commercialization of VAL-083. In the event that the Company terminates the agreement, the Company may be entitled to receive royalties from Valent's subsequent development of VAL-083 depending on the development milestones the Company has achieved prior to the termination of the Assignment.

Pursuant to a loan agreement dated February 3, 2011, the Company has entered a loan with Valent for the $250,000 for the purchase of the prototype drug product. The loan is unsecured and bears interest at 3.00% per year. As a result the balance of the loan payable at December 31, 2011 is $256,831, including accrued interest of $6,831.

In addition, under the terms of the Assignment, the Company will issue 500,000 warrants to acquire common stock of the Company to Valent following the completion of a Financing Transaction. The Company is not required to issue any warrants unless a Financing Transaction is completed. If issued, each warrant will be exercisable into one common share of the Company. The price of the warrants will be based on the price of the Financing Transaction. The warrants will have a term of five years commencing on the date of the completion of the Financing Transaction and will be exercisable for their entire term. If no Financing Transaction is completed and Valent exercises its option to reacquire VAL-083 then the warrants shall expire automatically. Under certain conditions, the Company has the right to force the exercise of the Valent warrants.

The financing completed by the Company that closed in February 2012 (note 12(a)) qualified as a Financing Transaction under the Assignment and a result, the Company issued 500,000 warrants to Valent on February 1, 2012 at an exercise price of CDN $0.50 per warrant. In exchange for the warrants, Valent has begun the process of assigning all of its right, title and interest in and to the patents for VAL-083. The fair value of the contingent warrants of $89,432 has been recognized as an expense and a corresponding increase to additional paid in capital at December 31, 2011.

4 Taxes and other receivables

	2011 $	2010 $
Government grants	26,900	8,617
Other receivables	11,902	6,168
	38,802	14,785

On September 1, 2010 the Company was granted a non-repayable financial contribution of up to $44,249 (CDN $45,000) from the National Research Council of Canada Industrial Research Assistance Program (“IRAP”). Awards under the IRAP grant directly reduce the Company’s research and development costs by 75% of eligible expenses. Total expenses under this program will be $58,998 (CDN $60,000) of which $44,249 (CDN $45,000) will be reimbursed through IRAP. The Company will be reimbursed for certain research and development costs to a maximum of $29,499 (CDN $30,000) in the period from September 1, 2010 thru March 31, 2011 and a further $14,750 (CDN $15,000) in the period from April 1, 2011 thru July 31, 2011. Under this IRAP grant the Company requested an aggregate total reimbursement of $44,249 ($27,392 in 2011 and $16,857 in 2010) and has received $44,249 (2010 - $8,240) to December 31, 2011 resulting in a receivable of $nil (2010 - $8,617) at December 31, 2011.

On July 15, 2011 the Company was granted a second non-repayable financial contribution of up to $39,332 (CDN $40,000) from IRAP. Total expenses under this program will be $52,442 (CDN $53,333) of which $39,332 (CDN $40,000) will be reimbursed. The Company will be reimbursed for certain research and development costs to a maximum of $39,332 (CDN $40,000) in the period from July 15, 2011 thru December 15, 2011. To December 31, 2011 the Company has requested reimbursement of $39,332 (CDN $40,000) under the second IRAP grant and has received $12,432 resulting in a receivable of $26,900 at December 31, 2011.

Total amounts credited in the statement operations for all IRAP grants in 2011 was $66,724 (2010 - $16,857).

5 Accounts payable and accrued liabilities

	2011 $	2010 $
Trade payables	561,145	279,412
Payable to related parties (note 8)	21,028	21,363
	582,173	300,775

During the year ended December 31, 2011 the Company incurred $15,102 in interest expense relating to outstanding trade payable balances. Subsequent to the year end the Company issued 500,000 common shares valued at $253,050 (CDN $250,000) and represents partial settlement of the Company's accounts payable balance with Valent (note 12(f)). The value of the shares issued as partial settlement was based on the most recent financing which was in progress at December 31, 2011.

6 Derivative liability

The Company issued 500,000 units on October 3, 2011, 100,000 on October 7, 2011, and 50,000 on November 11, 2011. The total 650,000 units were issued for CDN $0.50 per unit or total consideration of $310,570 (CDN $325,000). Each unit consists of one common share and share purchase warrant. Of the total consideration of $310,570, $118,925 relates to non-cash consideration received for the provision of services by officers and directors of the Company and the settlement of accounts payable with an officer of the Company (note 8).

Each warrant is exercisable until October 31, 2013. The exercise price of each warrant is as follows:

Exercise dates	Price $Cdn
Up to and including October 31, 2012	0.75
From November 1, 2012 up to December 31, 2012	0.80
From January 1, 2013 up to April 29, 2013	0.90
From April 30, 2013 up to July 30, 2013	1.00
From July 31, 2013 up to October 31, 2013	1.25

(in US dollars unless otherwise noted)

Under the terms of the subscription agreements DelMar shall use reasonable commercial efforts to complete a liquidity event ("Liquidity Event"). A Liquidity Event shall include but not be limited to the sale of the Company, or its assets, or listing of the Company's shares on a public stock exchange, through an initial public offering ("IPO"), reverse takeover, merger, amalgamation, or any other comparable event that includes a minimum additional aggregate funding of not less than CDN $5,000,000.

If the Company has not filed a preliminary prospectus with respect to an Initial Public Offering ("IPO") with one or more securities regulators in Canada or the United States or entered into a letter of intent or binding agreement with respect to a Liquidity Event by certain dates then a portion of the warrants associated with the units will have a cashless exercise provision that will be automatically activated. The cashless exercise provisions are as follows:

Liquidity event date	Portion of warrants to be exercised without cash
By October 31, 2012	10%
By January 1, 2013	an additional 15%
By April 30, 2013	an additional 20%
By July 31, 2013	an additional 25%
By October 31, 2013	an additional 30%

If the Company has not met the requirements for a Liquidity Event by October 31, 2013, all of the warrants issued with the units will be automatically exercised for one common share for no additional consideration.

Upon the receipt of the Liquidity Event notice, each warrant holder will have 20 days after receipt thereof to conditionally exercise any outstanding warrants subject to the occurrence of the Liquidity Event. To the extent that a warrant holder elects not to exercise his rights to conditionally exercise all or any warrants during the Liquidity Event notice period the warrant holder's right to exercise such warrants will be suspended until the completion of the Liquidity Event or the Company notifies the warrant holder that it will not be proceeding with the Liquidity Event.

(in US dollars unless otherwise noted)

Following the occurrence of a Liquidity Event any warrants that were not exercised at such time shall be adjusted as follows:

i) Unexercised warrants shall expire on the date which is 12 months after the occurrence of a Liquidity Event (the "New Expiry Date");

ii) Up to and including the sixth month anniversary of the Liquidity Event, the exercise price shall equal 120% of the closing price of the underlying securities on the Liquidity Event date;

iii) From and excluding the sixth month anniversary date of the Liquidity Event to and including the New Expiry Date, the exercise price of the warrants shall be 150% of the closing price of the underlying securities on the Liquidity Event date.

If at any time after the completion of a Liquidity Event the common shares of the Company, or exchange shares in the event of a reverse takeover, the closing price of the Company's shares or exchange shares is at least two times the closing price of the common shares of the Company or the exchange shares on the completion date of a Liquidity Event, as the case may be, the Company shall be permitted to terminate any outstanding warrants on three business days written notice.

Based on the terms of the warrants it was determined that the warrants were considered a derivative liability which is recognized at fair value at the date of the transaction and re-measured at fair value every reporting period with gains or losses on the changes in fair value recorded in the statement of loss and comprehensive loss.

Pursuant to finders' fee agreements (notes 10(a) and 12(c)) the Company is required to pay finder's fees related to the issuance of certain units. In relation to these agreements the Company has accrued $3,931 related to the cash component and $14,295 related to the contingent warrant component at December 31, 2011. These items have been recorded as issue costs and been allocated to capital stock and derivative liability.

The warrants issued with the units have been valued using a probability-weighted Black-Scholes pricing model using the following assumptions: dividend rate - 0%, volatility - 97.3%, risk free rate - 1.25% and an initial term of 2 years.

At December 31, 2011 the Company has recognized the fair value of the contingent Valent warrants (note 3) and the contingent financing finders' fee warrants (notes 10(a) and 12(c)). The contingent warrants have been recognized in additional paid in capital at December 31, 2011 and will be reclassified to warrants when the warrants are actually issued during the year ended December 31, 2012.

7 Stockholders' equity

Authorized
Unlimited common shares without par value

Issued and outstanding at December 31, 2011 - 9,059,375 (December 31, 2010 - 8,256,250)

(in US dollars unless otherwise noted)

a) Shares issued to founders

On May 27, 2010 the Company issued 7,000,000 common shares to its founders at $0.001 per share for total proceeds of $6,667. Of the 7,000,000 shares issued, 6,000,000 were issued to founders who are also officers or directors of the Company. In addition, of the 7,000,000 shares issued, 6,700,000 are subject to vesting provisions and a repurchase option to the Company. At any time prior to the expiration of 36 months from May 27, 2010 the Company at its sole discretion may repurchase some or all of the unvested 6,700,000 shares at $0.001 per share.

For the 6,700,000 shares subject to vesting, 25% of the common shares shall vested immediately on May 27, 2010 and the remaining shares shall vest in twelve equal tranches on each quarterly anniversary of May 27, 2010 with the number of shares to vest on each such date to equal 1/16 of the number of shares issued on May 27, 2010. If any of the subscribers is or becomes a director, officer, employee or consultant of the Company or an affiliate of the Company, all unvested shares shall vest immediately if the subscriber is subsequently removed as a director or officer of the Company or its affiliate, or is subsequently terminated as an employee or consultant of the Company or its affiliate, in each case without cause.

b) Shares issued to the DelMar Employees Share Purchase Trust

The Company has established the DelMar Employees Share Purchase Trust (the "Trust"). The purposes of the Trust are to (i) enhance the ability of the Company and its affiliates to attract, motivate, retain and reward directors, officers, employees and consultants, (b) facilitate employee ownership of shares of the company and (c) promote closer alignment of interests between key employees of the company and its shareholders. The Trust is overseen by a Trustee appointed by the Company and funds from the Company ("Settled Funds") were used to subscribe for common shares ("Trust Shares") in the capital of the Company. On May 27, 2010, the Company issued 2,000,000 common shares to the trust. The Company used Settled Funds to pay for the trust Shares.

	Number of shares held in Trust
Balance - April 6, 2010	-
Shares issued to the DelMar Employee Share Purchase Trust	2,000,000
Shares transferred to employees and consultants for services	(325,000)
Founders shares acquired by the Trust	68,750
Balance - December 31, 2010	1,743,750
Shares transferred to employees and consultants for services	(200,000)
Founders shares acquired by the Trust	46,875
Balance - December 31, 2011	1,590,625

The Company has transferred shares from the Trust to various consultants for work or services performed for the Company. Shares held by the Trust are not issued and outstanding until the shares are transferred out of the Trust. The Company recognized the fair value of the shares transferred as an expense with the offsetting charge to capital stock for $95,140 and $32,091 at December 31, 2011 and 2010 respectively.

c) Shares issued in private placements

On August 27, 2010 the Company issued 720,000 common shares at $0.095 (CDN $0.10) per share for total proceeds of $68,414 and on September 8, 2010 the Company issued an additional 280,000 common shares at $0.096 (CDN $0.10) per share for total proceeds of $26,989. Of the total proceeds of $68,414 from the August 27, 2010 issuance, $28,506 was received in 2011 and has been recorded as subscriptions receivable at December 31, 2010.

8 Related party transactions

During the year ended December 31, 2011

Pursuant to consulting agreements dated August 1, 2011 with each of the Company's officers and directors, a total of three respective agreements, Company has agreed to compensate its officers and directors for services rendered to the Company. An aggregate $26,550 (CDN $27,000) per month commencing August 1, 2011 and ending December 31, 2012 will be payable pursuant the consulting agreements. Under the consulting agreements the Company and the respective officer or director have mutually agreed that a portion of the compensation payable under the respective agreement shall be deemed to have been invested in the unit offering of the Company as of October 3, 2011. The units issued under these agreements shall have the same terms as the CDN $0.50 units issued by the Company to subscribers of the offering (note 6).

For the period from August 1 to December 31, 2011 $19,028 (CDN $20,000) per month was settled by the Company with units resulting in 200,000 units being issued. Total research and development expenses of $71,355 (CDN $75,000) and general and administrative expenses of $23,785 (CDN $25,000) have been recorded for this issuance of units.

The Company also issued 50,000 units to one of its officers for the settlement of accounts payable in the amount of $23,785 (CDN $25,000). The units were measured at fair value using the valuation estimate consistent with the most recent financing.

Included in accounts payable at December 31, 2011 is an aggregate amount owing of $21,028 to two of the Company's directors.

Also included in accounts payable at December 31, 2011 is an amount of $496,932 relating to clinical development costs incurred by Valent on behalf of the Company. The Company also has a loan payable, including accrued interest, of $256,831 (including accrued interest) due to Valent at December 31, 2011. One of the directors and officers of the Company is also a Principal of Valent.

(in US dollars unless otherwise noted)

During the period ended December 31, 2010

The Company acquired its prototype drug product and intellectual property rights to VAL-083 from Valent (note 3). Included in accounts payable is an amount of $250,000 relating to the acquisition of the prototype drug product.

Included in accounts payable at December 31, 2010 is an aggregate amount owing of $21,363 to two of the Company's executive officers.

9 Income taxes

The Company has the following non-capital losses available to reduce taxable income of future years:

Expiry date	$
2030	67,296
2031	1,098,669

Significant components of the Company's deferred tax assets are shown below:

	2011 $	2010 $
Non-capital losses carried forward	148,320	9,085
Financing costs	2,306	1,128
Scientific research and development	11,182	17,921
	161,808	28,134
Valuation allowance	(161,808)	(28,134)
Net deferred tax assets	-	-

The income tax benefit of these tax attributes have not been recorded in these financial statements because of the uncertainty of their recovery.

The Company's effective income tax rate differs from the statutory income tax rate of 13.5% (2010 - 13.5%).

The differences arise from the following items:

	2011 $	2010 $
Tax recovery at statutory income tax rates	(179,956)	(14,682)
Permanent differences	26,713	4,396
Other	19,569	(17,848)
Change in valuation allowance	133,674	28,134
	-	-

The Company has applied for refundable tax credits related to its scientific research and experimental development conducted in Canada. The Company has not recognized any amounts related to its claim due to the uncertainty of collecting on the claim.

10 Commitments and contingencies

a) Financing

In June 2011 the Company entered into an agreement for assistance with financing. Under the agreement, the Company is required to pay an 8% cash commission on gross proceeds from financing arranged by the service provider. The Company will also be required to issue warrants equal to 8% of the number of units issued to investors identified by the service provider. Fees payable under this agreement are to be paid in CDN. As of December 31, 2011 the Company has accrued $3,931 (CDN $4,000) and recognized the fair value of 8,000 warrants in the amount of $14,295. The total amount of $18,226 has been recognized as share issue costs allocated between the issuance of shares and derivative liability. In February 2012 the Company paid $49,635 (CDN $50,000) under this agreement and on March 1, 2012 the Company issued 100,000 warrants. The cash paid and warrants issued represent the final amounts due under this agreement. Each warrant entitles the holder to acquire one common share at CDN $0.50 per share until March 1, 2015.

b) Investor relations

In November 2011 the Company entered into a contract for investor relations services requiring the payment of $10,000 per month commencing December 2011. The agreement will automatically renew unless 60-day written notice of termination is provided by either party. In addition, the Company is required to issue 345,000 warrants. The warrants under the agreement become issuable upon the completion of a CDN $2,500,000 financing by the Company. The warrants were issued on February 1, 2012 and they vest in 12 equal installments over a 12-month period commencing on March 1, 2012. The warrants expire on February 1, 2015.

c) Office Lease

The Company leased an office on a month-to-month basis for the period from September 1, 2010 to November 30, 2010. In November 2010 the Company earned one year of free office rent pursuant to the submission of its business plan as part of the Discovery Parks Generator Competition. The rent-free period commenced February 1, 2011.

The Company currently rents its office space pursuant to a month to month lease at a rate of CDN$1,600 per month. During the year ended December 31, 2011, the Company recorded $480 as a rent expense (2010 - $2,190).

11 Financial risk management

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or valuation of its financial instruments.

The Company is exposed to financial risk related to 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 research and development incurred in US dollars. The Company believes that the results of operations, financial position 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 accounts payable. The Company manages foreign exchange risk by converting its Canadian dollars to US dollars as needed. The Company has only recently opened a US dollar bank account. As at December 31, 2011, US dollar denominated accounts payable and accrued liabilities and loan payable exposure in US dollars totaled $753,763.

a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. If foreign exchange rates were to fluctuate within +/-10% of the closing rate at year end the maximum exposure is $75,376.

Balances in foreign currencies at December 31, 2011 and 2010 are as follows:

	2011 US balances $	2010 US balances $
Trade payables	496,932	250,000
Loan payable, including accrued interest	256,831	-
	753,763	250,000

b) Interest rate risk

The Company is subject to interest rate risk on its cash and cash equivalents and believes that the 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. As at December 31, 2011, cash and cash equivalents held in Canadian dollar savings accounts or short-term investments is $15,018. The Company's cash balance does not currently earn interest. If interest rates were to fluctuate within +/-10% of the closing rate at year end the impact of the Company's interest bearing accounts will be insignificant.

The only financial instruments that expose the Company to interest rate risk are its cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet cash flow requirements associated with financial instruments. The recent problems in the global credit markets have resulted in a drastic reduction in the ability of companies to raise capital through the public markets. See note 1 going concern, for additional comments relating to liquidity risk. The Company continues to manage its liquidity risk based on the outflows experienced for the year ended December 31, 2011 and is undertaking efforts to conserve cash resources wherever possible. The maximum exposure of the Company's liquidity risk is $582,173 at December 31, 2011 (2010 - $300,775).

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables. The Company limits its exposure to credit risk, with respect to cash and cash equivalents, by placing them with high quality credit financial institutions. The Company's cash equivalents consist primarily of operating funds with commercial banks. Of the amounts with financial institutions on deposit, the following table summarizes the amounts at risk should the financial institutions with which the deposits are held cease trading:

The maximum exposure of the Company's credit risk is $38,802 at December 31, 2011 (2010 - $14,785).

	Cash and cash equivalents $	**Insured amount $**	**Non-insured amount $**
	15,018	15,018	-

(in US dollars unless otherwise noted)

Concentration of credit risk

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents in accredited financial institutions and therefore the Company's management believes these funds are subject to minimal credit risk. The Company has no significant off-balance sheet concentrations of credit risk such as foreign currency exchange contracts, option contracts or other hedging arrangements.

12 Subsequent events

a) Issuance of units

Between January 23, 2012 and May 10, 2012 the Company issued an additional 4,760,000 units at CDN $0.50 per unit for gross proceeds of $2,365,034 (CDN $2,380,000). The units consisted of one common share and one share purchase warrant. The proceeds from the issuance of 3,000,000 of these units were held in escrow and subsequently the units were cancelled by the Company and the funds returned to the subscriber. Of the remaining 1,760,000 units, 460,000 of the share purchase warrants issued with the units have the same expiry, price, and cashless exercise provisions of the warrants issued during 2011

(note 6) and the remaining 1,300,000 units have warrants that are exercisable until December 31, 2013. The exercise price of each of the 1,300,000 warrants is as follows:

Exercise dates	Price $Cdn
Up to and including December 31, 2012	0.75
From January 1, 2013 up to March 30, 2012	0.80
From March 31, 2013 up to June 29, 2013	0.90
From June 30, 2013 up to September 29, 2013	1.00
From September 30, 2013 up to December 31, 2013	1.25

The 1,300,000 warrants are subject to the same Liquidity Event provisions as the warrants previously issued (note 6). The cashless exercise provisions as follows:

Liquidity event date	Portion of warrants to be exercised without cash
By December 31, 2012	10%
By March 31, 2013	An additional 15%
By June 30, 2013	An additional 20%
By September 30, 2013	An additional 25%
By December 31, 2013	An additional 30%

All other significant terms of the warrants are the same as those issued during 2011. Included in the 1,760,000 warrants issued subsequent to December 31, 2011 were 360,000 units issued to officers and directors of the Company pursuant to their respective consulting agreements (notes 8).

b) Stock option plan

On February 1, 2012 the Company's board of directors approved its stock option plan (the "Plan"). Under the Plan the number of common shares that will be reserved for issuance to officers, directors, employees and consultants under the Plan will not exceed 7.5% of the share capital of the Company on a fully diluted basis. On February 1, 2012 the Company granted 930,000 options and on June 15, 2012 an additional 90,000 options were granted under the Plan. All of the stock options granted have an exercise price of CDN $0.50 and expire 10 years from the date of grant. Of the 1,020,000 stock options granted, 450,000 vest in equal monthly installments over one year and 570,000 vests in equal monthly installments over three years.

In the event of the sale of 66 2/3% of the equity securities of the Company where equity securities include shares, warrants, stock options, and any convertible securities of the Company, any options not yet granted under the Plan shall be deemed granted to the principle founders of the Company on a pro-rata basis in accordance with their ownership of the Company on a fully-diluted basis immediately prior to the closing of such a sale.

c) Broker warrants

On March 1, 2012 the Company issued 5,000 warrants that entitle the holder to acquire 5,000 common shares of the Company at CDN $0.50 per share. The warrants were issued as a finder's fee for financing assistance. The warrants expire on March 1, 2014. The Company has recorded the fair value of these contingent warrants at December 31, 2011 as the units to which the finder's fee applies were issued during the year ended December 31, 2011. The fair value of these warrants has been recognized as share issue costs and a corresponding amount as additional paid-in capital.

d) Commitments

On May 1, 2012 the Company entered into a one-year consulting agreement with an individual for the provision of general business and strategic advisory services. Pursuant to the agreement, the Company will pay the consultant $15,000 per month and will settle the monthly fee by way of $5,000 in cash and $10,000 by way of 20,000 common shares of the Company. Until the occurrence of a Liquidity Event (defined as the completion or occurrence of an asset sale, a share sale or a Public Company Triggering Event (defined as the completion of an Initial Public Offering or Reverse Take-Over)), the common shares issued to the consultant under the agreement shall be non-transferable and shall be held in escrow by the Company in trust for the consultant. If a Liquidity Event has not occurred prior to the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the common shares issued to the consultant will be forfeited to the Company for no consideration. The agreement will automatically expire on the first anniversary of the agreement unless mutually agreed to in writing by both parties. The agreement can be terminated by either party by providing 30 days written notice of termination.

e) Related party transactions

Subsequent to December 31, 2011, the Company issued an additional 360,000 units to officers and directors of the Company for services rendered to the Company (notes 6 and 8). The shares issued relate to two of the Company's directors as one of the directors has elected to receive cash for his consulting fees for the period from January 1 to December 31, 2012. Under the two consulting agreements for which units are being issued as compensation, the compensation expense is CDN $15,000 per month which is being settled with 30,000 units of the Company each month. The terms of the units issued under these agreements are the same as those units issued to the officers and directors pursuant to units previously issued to them for services (note 8). All of the shares issued under the agreements for 2012 were issued in February 2012.

f) Settlement of accounts payable

On April 30, 2012, Valent was issued 500,000 common shares for partial settlement of the Company's accounts payable balance with Valent. The total settlement amount was $253,050 (CDN $250,000).

g) DelMar employee share purchase trust

Subsequent to December 31, 2011, the remaining 1,590,625 shares in the DelMar Employee Share Purchase Trust were transferred to employees and consultants of the Company. Of the 1,590,625 transferred out of the trust, 1,390,625 were transferred in equal tranches to each of the Company's three directors. The related compensation expense will be recorded in the statement of operations.

h) Reverse acquisition

On January 25, 2013, the Company entered into and closed an Exchange Agreement with DelMar Pharmaceuticals, Inc. (formerly Berry Only Inc. ("Berry")) (the "Acquisition"). The Acquisition will result in Berry acquiring DelMar by issuing a sufficient number of shares such that the shareholders of DelMar will have a controlling interest in Berry subsequent to the completion of the Acquisition. Simultaneous with the Acquisition, Valent will be issued 1,150,000 common shares of Berry. The shares issued to Valent by Berry are being issued in exchange for Valent reducing certain royalties under its agreement with DelMar. Upon completion of the Acquisition DelMar will become a wholly-owned subsidiary of Berry. As a result of the shareholders of DelMar having a controlling interest in Berry subsequent to the Acquisition, for accounting purposes the transaction constitutes a reverse recapitalization with DelMar being the accounting acquirer even though legally DelMar is the acquiree. Therefore, the net assets of Berry are recorded at fair value at the date of the transaction. No goodwill is recorded with respect to the transaction as it does not constitute a business combination.

i) Unit offering

In connection with the Exchange Agreement, on January 25, 2013 Berry entered into and closed a series of subscription agreements with accredited investors (the "Investors"), pursuant to which Berry sold an aggregate of 6,704,938 Units at a purchase price of $0.80 per Unit, for aggregate gross proceeds of $5,363,950 (the "Private Offering"). Each Unit consists of one share of common stock and one five-year warrant (the "Investor Warrants") to purchase one share of common stock at an exercise price of $0.80. The exercise price of the Investor Warrants is subject to adjustment and are redeemable under certain circumstances.

Charles Vista, LLC (the "Placement Agent") was retained as the placement agent for the Private Offering. The Placement Agent was paid a cash fee of $536,395 (equal to 10% of the gross proceeds), a non-accountable expense allowance of $160,918 (equal to 3% of the gross proceeds), and a consulting fee of $60,000. In addition, the Company issued to the Placement Agent five-year warrants (the "Placement Agent Warrants) to purchase 2,681,975 shares of common stock (equal to 20% of the shares of common stock (i) included as part of the Units sold in the Private Offering and (ii) issuable upon exercise of the Investor Warrants) at an exercise price

of $0.80, exercisable on a cash or cashless basis. The Company has agreed to engage the Placement Agent as its warrant solicitation agent in the event the Investor Warrants are called for redemption and will pay a warrant solicitation fee to the Placement Agent equal to 5% of the amount of funds solicited by the Placement Agent upon the exercise of the Investor Warrants following such redemption.

Exhibit 2.1

EXCHANGE AGREEMENT

AMONG

DELMAR PHARMACEUTICALS, INC.

AND

0959456 B.C. LTD.

AND

0959454 B.C. LTD.

AND

DEL MAR PHARMACEUTICALS (BC) LTD.

AND

SECURITYHOLDERS OF DEL MAR PHARMACEUTICALS (BC) LTD.

JANUARY 25, 2013

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EXCHANGE AGREEMENT

THIS AGREEMENT is made as of January 25, 2013

AMONG

DELMAR PHARMACEUTICALS, INC., a corporation incorporated under the laws of the State of Nevada (the "**Parent**")

- and -

0959454 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia ("**Callco**")

- and -

0959456 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia (the "**Purchaser**")

- and -

DEL MAR PHARMACEUTICALS (BC) LTD., a corporation incorporated under the laws of the Province of British Columbia (the "**Company**")

- and -

SECURITYHOLDERS of the Company, who have signed this Agreement or who have agreed to be bound by this Agreement, as more particularly listed in Schedule A hereto.

WHEREAS the Parent, through the Purchaser, proposes to acquire all of the Common Shares held by the Shareholders as provided in this Agreement;

AND WHEREAS the Company, the Parent and the Purchaser wish to amend the terms of the Options, the Warrants and the Broker Warrants as provided in this Agreement;

AND WHEREAS the Board of Directors of the Company has unanimously determined that the Acquisition is fair to the Securityholders and that it is in the best interests of the Company and Securityholders to enter into this Agreement;

NOW THEREFORE in consideration of the premises and the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

In this Agreement, unless otherwise defined or expressly stated herein or something in the subject matter or the context is clearly inconsistent therewith:

"**1933 Securities Act**" means the United States Securities Act of 1933;

"**1934 Exchange Act**" means the United States Securities Exchange Act of 1934;

"Acquisition Agreement" has the meaning ascribed thereto in Section 8.1(a)(v);

"**Acquisition Proposal**" means, at any time, whether or not in writing, any proposal (including any modification or proposed modification of any such proposal) with respect to (a) any acquisition by any person or group of persons of Common Shares (or securities convertible into or exchangeable or exercisable for Common Shares) representing 20% or more of the Common Shares then outstanding (assuming, if applicable, the conversion, exchange or exercise of such securities convertible into or exchangeable or exercisable for Common Shares) or (b) any acquisition by any person or group of persons of any assets of the Company (including shares or other equity interests) individually or in the aggregate contributing 20% or more of the consolidated revenue or representing 20% or more of the assets of the Company taken as a whole (in each case based on the most recent consolidated financial statements of the Company) (or any lease, license, royalty, long-term supply agreement or other arrangement having a similar economic effect), whether in a single transaction or a series of related transactions, in each case, whether by plan of arrangement, amalgamation, merger, consolidation, recapitalization, liquidation, dissolution or other business combination, sale of assets, joint venture, take-over bid, tender offer, share exchange, exchange offer or otherwise, including any single or multi-step transaction or series of transactions, directly or indirectly involving the Company, and in each case excluding the Acquisition and the other transactions contemplated by this Agreement;

"**affiliate**" and "**associate**" have the meanings respectively ascribed thereto under the Securities Act;

"**Acquisition**" means the transaction pursuant to which the Purchaser will acquire all of the Common Shares held by the Shareholders and the terms of the Options held by the Optionholders, the Warrants held by the Warrantholders and the Broker Warrants held by Broker Warrantholders will be amended, upon and subject to the terms and conditions set forth in this Agreement;

"**Agreement**" means this Exchange Agreement (including the Schedules attached hereto) as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof;

"**Ancillary Rights**" means the interest of holder of Exchangeable Shares as a beneficiary of the trust created by the Voting and Exchange Trust Agreement;

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and all regulations made thereunder, as promulgated or amended from time to time;

"**Broker Warrants**" means, at any time, warrants to acquire Common Shares which were issued to brokers by the Company as compensation and which are, at such time, outstanding and unexercised;

"**Broker Warrantholder"** means a holder of one or more Broker Warrants who has signed this Agreement or who has agreed to be bound by this Agreement;

"**Board of Directors**" means the board of directors of the Company as constituted from time to time;

"**Business Day**" means a day other than a Saturday, a Sunday or any other day on which major commercial banking institutions in Vancouver, British Columbia or New York City, New York are closed for business;

"**Callco**" means 0959454 B.C. Ltd., a subsidiary of the Parent existing under the laws of the Province of British Columbia, or any other direct or indirect wholly-owned subsidiary of the Parent designated by the Parent from time to time in replacement thereof;

"**Canadian GAAP**" means, in relation to any financial year beginning on or before December 31, 2010, accounting principles generally accepted in Canada as adopted by the Canadian Institute of Chartered Accountants, and, in relation to any financial year beginning after December 31, 2010, International Financial Reporting Standards;

"**Canadian Resident**" means either (i) a person who, at the relevant time, is a resident of Canada for purposes of the Tax Act, (ii) a partnership that is a "Canadian partnership" for purposes of the Tax Act or (iii) a person who has a registered Canadian address in the central securities register maintained by or on behalf of the Company in respect of such securities;

"**Canadian Securities Laws**" means the Securities Act and all other applicable Canadian provincial securities Laws and the rules, regulations and published policies made thereunder;

"**Change of Law**" means any amendment to the Tax Act and other applicable provincial income tax laws that permits Canadian Resident holders of Exchangeable Shares, who hold the Exchangeable Shares as capital property and deal at arm's length with the Parent and the Purchaser (all for the purposes of the Tax Act and other applicable provincial income tax laws), to exchange their Exchangeable Shares for Parent Shares on a basis that will not require such holders to recognize any gain or loss or any actual or deemed dividend in respect of such exchange for the purposes of the Tax Act or applicable provincial income tax laws;

"**Change of Law Call Date**" has the meaning ascribed thereto in Section 4.3(b);

"Change of Law Call Right" has the meaning ascribed thereto in Section 4.3(a);

"**Change of Law Call Purchase Price**" has the meaning ascribed thereto in Section 4.3(a);

"**Change of Recommendation**" has the meaning ascribed thereto in Section 9.1(c)(i);

"**commercially reasonable efforts**" means, with respect to any Party, the cooperation of such Party and the use by such Party of its reasonable efforts consistent with reasonable commercial practice without: (a) payment or incurrence of any monetary liability or obligation, other than filing fees incurred in connection with the transactions contemplated by this Agreement and other reasonable expenses; or (b) the requirement to initiate or commence litigation;

"**Common Shares**" means the common shares without par value in the capital of the Company;

"**Company Annual Financial Statements**" means the audited consolidated financial statements of the Company for the years ending December 31, 2011 and 2010, together with the notes thereto;

"Company Beneficiaries" has the meaning ascribed thereto in Section 11.10;

"**Company Disclosure Letter**" means the disclosure letter dated the date hereof regarding this Agreement that has been executed by the Company and delivered to the Purchaser prior to the execution of this Agreement;

"**Company Entity**" means a subsidiary of the Company;

"**Company Financial Statements**" means the Company Annual Financial Statements and the Company Interim Financial Statements;

"**Company Interim Financial Statements**" means the unaudited interim consolidated financial statements of the Company for the nine months ended September 30, 2012, together with the notes thereto;

"**Confidential Data**" has the meaning ascribed thereto in Section 7.1(b);

"**Consideration Shares**" means, collectively, the Exchangeable Shares to be issued to Shareholders pursuant to Section 2.2(a) of the Agreement and the Parent Shares to be issued to Shareholders pursuant to Section 2.2(b) of the Agreement;

"**Contract**" means any legally binding contract, agreement, indenture, note, instrument, license, franchise, lease, arrangement, commitment, understanding or other right or obligation (whether written or oral) to which the Company is a party or by which the Company is bound or affected or to which any of its respective properties or assets is subject;

"**Effective Date**" means the date upon which all of the conditions to the completion of the Acquisition as set out in Article 10 have been satisfied or waived in accordance with the provisions of this Agreement and all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably**;**

"**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date;

"**Eligible Holder**" means a Shareholder who is a Canadian Resident;

"**Eligible Share**" means a Common Share that the Eligible Holder thereof will transfer to the Purchaser for Eligible Share Consideration;

"**Eligible Share Consideration**" means, in respect of each Eligible Share transferred to the Purchaser pursuant to Section 2.2(a)(i), one (1) Exchangeable Share (together with Ancillary Rights);

"**Environment**" means the natural environment (including soil, land surface or subsurface strata, surface water, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, and any other environmental medium or natural resource);

"**Environmental Laws**" means Laws aimed at or relating to reclamation or restoration of property; abatement of pollution; protection of the Environment; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, treatment, storage, disposal or control of, or exposure to, Hazardous Substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or Hazardous Substances, including to ambient air, surface water or groundwater; and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes or otherwise protecting human health and safety or the Environment;

"**Exchangeable Share Provisions**" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, which rights, privileges, restrictions and conditions will be in substantially the form set out in Schedule B to the Agreement;

"**Exchangeable Share Consideration"** has the meaning set out in the Exchangeable Share Provisions;

"**Exchangeable Shares**" means the exchangeable shares in the capital of the Purchaser, as more particularly described in the Exchangeable Share Provisions;

"**Exchangeable Share Price**" has the meaning set out in the Exchangeable Share Provisions;

"**Exchangeable Share Voting Event**" has the meaning set out in the Exchangeable Share Provisions'

"**Forward Split**" means a one for 3.3898305 forward split in the form of stock dividend;

"**Governmental Authority**" means any international, multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any ministry, department, division, bureau, agent, official, agency, commission, board or authority of any government, governmental body, quasi-governmental or private body (including any stock exchange), domestic or foreign, exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel, arbitrator or arbitral body acting under the authority of any of the foregoing;

"**Hazardous Substances**" means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, corrosive, explosive, infectious, carcinogenic, mutation or toxic or a pollutant or a contaminant under or pursuant to, or that could result in liability under, any applicable Environmental Laws including petroleum and all derivatives thereof or synthetic substitutes therefor, hydrogen sulphide, arsenic, cadmium, lead, mercury, polychlorinated biphenyls ("**PCBs**"), PCB-containing equipment and material, mould, asbestos, asbestos-containing material, urea-formaldehyde, urea-formaldehyde-containing material and any other material or substance that may impair the Environment, the health of any individual, property or plant or animal life;

"**holder**" means, when used in reference to any securities of the Company, the holder of such securities shown from time to time in the central securities register maintained by or on behalf of the Company in respect of such securities;

"**Indemnified Parties**" has the meaning ascribed thereto in Section 7.8(a);

"**Intellectual Property Rights**" has the meaning ascribed thereto in Section 5.1(x)(i);

"Investment Canada Act" means the *Investment Canada Act* (Canada);

"**Laws**" means any and all laws, statutes, codes, ordinances (including zoning), decrees, rules, regulations, by-laws, notices, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations or awards, decrees or other requirements of any Governmental Authority having the force of law and any legal requirements arising under the common law or principles of law or equity and the term "**applicable**" with respect to such Laws and, in the context that refers to any person, means such Laws as are applicable at the relevant time or times to such person or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over such person or its business, undertaking, property or securities;

"**Lease**" has the meaning ascribed thereto in Section 5.1(o);

"**Liens**" means any pledge, claim, lien, charge, option, hypothec, mortgage, security interest, restriction, adverse right, prior assignment, lease, sublease, right to possession or any other encumbrance, right or restriction of any kind or nature whatsoever, whether contingent or absolute, or any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Liquidation Amount**" has the meaning set out in the Exchangeable Share Provisions;

"**Liquidation Call Purchase Price**" has the meaning ascribed thereto in Section 4.1(a);

"**Liquidation Call Right**" has the meaning ascribed thereto in Section 4.1(a);

"**Liquidation Date**" has the meaning set out in the Exchangeable Share Provisions;

"**Material Adverse Effect**" means, in respect of the Company or the Parent, as the case may be, any result, fact, change, effect, event, circumstance, occurrence or development that, taken together with all other results, facts, changes, effects, events, circumstances, occurrences or developments, has or would reasonably be expected to have a material and adverse effect on the business, operations, results of operations or condition (whether financial or otherwise) of such Party and its subsidiaries, taken as a whole; provided, however, that any result, fact, change, effect, event, circumstance, occurrence or development that arises out of, relates directly or indirectly to, results directly or indirectly from or is attributable to any of the following shall not be deemed to constitute, and shall not be taken into account in determining whether there has been, a Material Adverse Effect:

(a) changes, developments or conditions in or relating to general international, political, economic or financial or capital market conditions, or political, economic or financial or capital market conditions in any jurisdiction in which the applicable Party or any of the subsidiaries operate or carry on business;

(b) changes, developments or conditions resulting from any act of sabotage or terrorism or any outbreak of hostilities or declared or undeclared war, or any escalation or worsening of such acts of sabotage, terrorism, hostilities or war;

(c) any earthquake, hurricane, tornado or other similar natural disaster;

(d) changes or developments in or relating to currency exchange or interest rates;

(e) changes or developments generally affecting the life sciences industry in general;

(f) any adoption, change or proposed change in any Laws or the interpretation, application or non-application of any Laws by any Governmental Authority;

(g) any adoption, change or proposed change in Canadian GAAP or U.S. GAAP;

(h) any change in the market price or trading volume of any securities of the Parent (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Effect has occurred) or any suspension of trading in securities generally on any securities exchange on which any securities of the Parent trade;

(i) (i) with respect to the Company, any actions taken (or omitted to be taken) by the Company upon the request of the Parent or the Purchaser and (ii) with respect to the Parent, any actions taken (or omitted to be taken) by the Parent upon the request of the Company;

(j) any failure by such Party to meet any internal or publicly disclosed projections, forecasts or estimates of, or guidance relating to, revenue, earnings or cash flow of such Party, whether made by or attributed to such Party or any financial analyst or other person;

(k) the announcement of the execution of this Agreement or the transactions contemplated hereby, the pendency of the completion of the transactions contemplated hereby, the performance of any obligation contemplated hereunder or the completion of any of the transactions contemplated hereby; or

(l) any legal proceeding commenced by or involving any current or former securityholders of the Parent or the Company arising out of or relating to this Agreement;

provided, however, that each of clause (a) through (e) above shall not apply to the extent that any of the changes, developments, conditions or occurrences referred to therein relate primarily to (or have the effect of relating primarily to) such Party or any of its subsidiaries or disproportionately adversely affect such Party and its subsidiaries, taken as a whole, in comparison to other persons who operate in the same industry as such Party and its subsidiaries; and provided, further, however, that references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a Material Adverse Effect has occurred;

"**Material Contract**" has the meaning ascribed to that term in Section 5.1(s)(i);

"material fact" with respect to the Company, has the meaning attributed to such term under the Securities Act, and with respect to the Parent and the Parent Material Subsidiaries, has the meaning attributed to such term under the 1933 Securities Act;

"misrepresentation" with respect to the Company, has the meaning attributed to such term under the Securities Act, and with respect to the Parent and the Parent Material Subsidiaries, has the meaning attributed to such term under the 1933 Securities Act;

"**Non-Eligible Holder**" means a Shareholder who is not an Eligible Holder;

"**Optionholder**" means a holder of one or more Options who has signed this Agreement or who has agreed to be bound by this Agreement;

"**Options**" means, at any time, options to acquire Common Shares granted pursuant to the Stock Option Plan which are, at such time, outstanding and unexercised, whether or not vested;

"**ordinary course of business**", or any similar reference, means, with respect to an action taken or to be taken by any person, that such action is consistent with the past practices of such person (including with respect to amount and frequency) and is taken in the ordinary course of the normal day-to-day business and operations of such person;

"**OTCBB**" means the Over-the-Counter Bulletin Board;

"**Outside Date**" means the date that is 120 days after the date of this Agreement or such later date as may be agreed to in writing by the Parties;

"**Parent Control Acquisition**" has the meaning set out in the Exchangeable Share Provisions;

"**Parent Disclosure Letter**" means the disclosure letter dated the date hereof regarding this Agreement that has been executed by the Parent and delivered to the Company prior to the execution of this Agreement;

"**Parent Financial Statements**" means the audited consolidated financial statements of the Parent as at, and for the years ended June 30, 2012 and 2011, together with the notes thereto;

"**Parent Material Subsidiaries**" has the meaning ascribed thereto in Section 5.6(f);

"**Parent Public Disclosure Record**" means all documents filed by or on behalf of the Parent on the Electronic, Data-Gathering, Analysis and Retrieval (EDGAR) system since January 1, 2011;

"**Parent Shares**" means shares of common stock of the Parent, par value US$0.001 per share;

"**Parties**" means the parties to this Agreement and "**Party**" means any one of them;

"**Permit**" means any lease, license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of or from any Governmental Authority;

"**Permitted Liens**" means, for the Company, or the Parent or any Parent Material Subsidiary, as the context requires:

(a) Liens for current real estate taxes and assessments not yet due and payable or Liens for income and similar taxes that are being contested in good faith and for which the Company has made adequate provision in accordance with Canadian GAAP;

(b) inchoate mechanics' and materialmen's and/or construction Liens for construction in progress and in respect of which payments are not past due;

(c) to the extent such Liens would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, (i) workmen's, repairmen's, warehousemen's and carriers' Liens arising in the ordinary course of business of the Company consistent with past practice, (ii) all matters of record, whether or not registered, which do not individually or in the aggregate render title to any real estate asset invalid or unmarketable and (iii) all Liens and other imperfections of title and encumbrances which would not reasonably be expected to interfere with the conduct of the business of the Company;

(d) rights reserved to or vested in any Governmental Entity by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same, to take action which results in an expropriation or condemnation, or to require annual or other payments as a condition to the continuance thereof;

(e) deposits of cash or securities in connection with any appeal, review or contestation of any Lien or any matter giving rise to an Lien described in (a) or (c) above and for which adequate reserves have been provided for in the books of such person in accordance with Canadian GAAP;

(f) the provisions of applicable Laws including zoning, land use and building restrictions, by laws, regulations and ordinances of federal, state, provincial, municipal or other Governmental Authorities, including municipal by-laws and regulations, airport zoning regulations, restrictive covenants and other land use limitations, public or private, by-laws and regulations and other similar Liens or privileges in respect of real property which in the aggregate do not materially impair the use of such property by the Company in the operation of its business, and which are not violated in any material respect by existing or proposed structures or land use;

(g) Permits, reservations, water course, right of access or user licenses, easements, rights of way, restrictions, building schemes, licenses, restrictive covenants and servitudes, rights of access or user, airport zoning regulations and other similar rights in land (including licenses, easements, rights of way, servitudes and rights in the nature of easements for walkways, sidewalks, public ways, sewers, drains, gas, soil, steam and water mains or pipelines, electrical lights and power, telephone, television and cable conduits, poles, wires or cables) granted to, reserved or taken by any person which would not materially impair the use of the real property to which they relate and any rights reserved or vested in any Governmental Authority or public or private utility or railway company by the terms of any lease, licence, franchise, grant, agreement or permit, subdivision, development, servicing, encroachment, site plan or other similar agreement with any Governmental Authority or public or private utility or railway company that would not materially impair the use of the real property to which they relate;

(h) purchase money security interests securing indebtedness in the ordinary course of business;

(i) security given by the Company to a public utility or any Governmental Authority, when required by such utility or Governmental Authority in connection with the operations of such person, in the ordinary course of its business; and

(j) any other Lien that is identified as a "Permitted Lien" in the Company Disclosure Letter or in the Parent Disclosure Letter, as the context requires;

"**person**" includes an individual, sole proprietorship, corporation, body corporate, incorporated or unincorporated association, syndicate or organization, partnership, limited partnership, limited liability company, unlimited liability company, joint venture, joint stock company, trust, natural person in his or her capacity as trustee, executor, administrator or other legal representative, a government or Governmental Authority or other entity, whether or not having legal status;

"**PPM**" means the Private Placement Memorandum of the Company dated January 4, 2013, as amended or supplemented, which has been delivered to each Securityholder concurrently with this Agreement;

"**Proceedings**" has the meaning ascribed thereto in Section 5.1(l);

"**Redemption Call Right**" has the meaning ascribed thereto in Section 4.2(a);

"**Redemption Call Purchase Price**" has the meaning ascribed thereto in Section 4.2(a);

"Redemption Date" has the meaning set out in the Exchangeable Share Provisions;

"**Release**" means any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the Environment;

"**Representatives**" means, collectively, with respect to a person, any officers, directors, employees, consultants, advisors, agents or other representatives (including, solicitors, accountants, investment bankers and financial advisors) of that person or any subsidiary of that person;

"**Required Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, permits, waivers, early termination authorizations, clearances, written confirmations of no intention to initiate legal proceedings and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Authorities as set forth in Schedule C hereto;

"**Returns**" means all reports, forms, elections, designations, schedules, statements, estimates, declarations of estimated tax, information statements and returns relating to, or required to be filed with any Governmental Authority in connection with, any Taxes and including any other filings relating to Taxes, including all returns in respect of Taxes and other material reports and information under the Tax Act, the income tax or corporation capital tax legislation of any province of Canada or any foreign country or political subdivision thereof in which the relevant person carries on business or to a jurisdiction of which it is otherwise subject, any sales or excise tax legislation of a province of Canada or any foreign country, or political subdivision thereof or legislation affecting any other Taxes, applicable to such person pursuant to which it is liable or required to pay or remit Taxes;

"**Right to Match Period**" has the meaning ascribed thereto in Section 8.2(b)(iv);

"**Securities**" means, collectively, the Common Shares, Options, Warrants and Broker Warrants of the Company;

"**Securities Act**" means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder;

"**Securities Regulatory Authorities**" means the securities regulatory authorities in each of the Provinces of Canada and in the United States;

"**Securityholders**" means, collectively, all of the Shareholders, Optionholders and Warrantholders who have signed this Agreement or who have agreed to be bound by this Agreement;

"**Share Consideration**" means, in respect of each Common Share transferred to the Purchaser pursuant to Section 2.2(b), one (1) Parent Share;

"**Shareholder**" means a holder of one or more Common Shares who has signed this Agreement or who has agreed to be bound by this Agreement;

"**Stock Option Plan**" means the Stock Option Plan of the Company effective February 1, 2012;

"**subsidiary**" means, with respect to a specified entity, any:

(a) corporation of which issued and outstanding voting securities of such corporation to which are attached more than 50% of the votes that may be cast to elect directors of the corporation (whether or not shares of any other class or classes will or might be entitled to vote upon the happening of any event or contingency) are at all times owned by such specified entity;

(b) partnership, unlimited liability company, joint venture or other similar entity in which such specified entity has more than 50% of the equity interests and the power to direct the policies, management and affairs thereof; and

(c) a subsidiary (as defined in clauses (a) and (b) above) of any subsidiary (as so defined) of such specified entity;

"**Superior Proposal**" means a *bona fide* written Acquisition Proposal (provided, however, that, for the purposes of this definition, all references to "20%" in the definition of "Acquisition Proposal" shall be changed to "100%") made by a third party or third parties acting jointly (other than the Purchaser and its affiliates) and which or in respect of which:

(a) the Board of Directors has determined in good faith, after consultation with its financial advisors and outside legal counsel:

(i) would, taking into account all of the terms and conditions of such Acquisition Proposal, and if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction which is more favourable to the Securityholders from a financial point of view than the Acquisition; and

(ii) is reasonably capable of being completed in accordance with its terms, without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person or persons making such Acquisition Proposal;

(b) is not subject to any due diligence condition or due diligence termination right in favour of the acquirer; or

(c) is made available to all of the Securityholders on the same terms and conditions;

"**Superior Proposal Notice**" has the meaning ascribed thereto in Section 8.2(b)(iii);

"**Support Agreement**" means the support agreement to be entered into among the Parent, the Purchaser and Callco in substantially the form of Schedule D hereto;

"**Surviving Corporation**" means any corporation or other entity continuing following the amalgamation, merger, consolidation or winding up of the Company with or into one or more other entities (pursuant to a statutory procedure or otherwise);

"**Tax**" or "**Taxes**" means all taxes, dues, duties, rates, imposts, fees, levies, other assessments, tariffs, charges or obligations of the same or similar nature, however denominated, imposed, assessed or collected by any Governmental Authority, including (i) all income taxes, including any tax on or based on net income, gross income, income as specifically defined, earnings, gross receipts, capital, capital gains, profits, business royalty or selected items of income, earnings or profits, and specifically including any federal, provincial, state, territorial, county, municipal, local or foreign taxes, state profit share taxes, windfall or excess profit taxes, capital taxes, royalty taxes, production taxes, payroll taxes, health taxes, employment taxes, withholding taxes (including all withholdings on amounts paid to or by the relevant person), sales taxes, use taxes, goods and services taxes, custom duties, value added taxes, ad valorem taxes, excise taxes, alternative or add-on minimum taxes, franchise taxes, gross receipts taxes, licence taxes, occupation taxes, real and personal property taxes, land transfer taxes, severance taxes, capital stock taxes, stamp taxes, anti-dumping taxes, countervailing taxes, occupation taxes, environment taxes, transfer taxes, and employment or unemployment insurance premiums, social insurance premiums and worker's compensation premiums and pension (including Canada Pension Plan) payments, and other taxes, fees, imposts, assessments or charges of any kind whatsoever together with any interest, penalties, additional taxes, fines and other charges and additions that may become payable in respect thereof, (ii) any tax imposed, assessed, collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency or fee and (iii) any liability for any of the foregoing of a transferee, successor, guarantor or by contract or by operation of law;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Tax Election Package**" means two copies of CRA Form T-2057 or, if the applicable Shareholder is a partnership, two copies of CRA Form T-2058 and two copies of any applicable equivalent provincial or territorial election form, which forms have been duly and properly completed and executed by such Shareholder in accordance with the rules contained in the Tax Act or the relevant provincial legislation;

"**Technology**" has the meaning ascribed thereto in Section 5.1(x)(xv);

"Transaction Expenses" means all costs and expenses incurred by the Company in connection with the transactions contemplated by this Agreement, including all legal, accounting, financial advisory, printing and other administrative or professional fees, costs and expenses of third parties incurred by the Company, including in connection with the consideration of any alternative transactions in relation to the Company prior to or after the execution of this Agreement, the negotiation and settlement of this Agreement, and structuring and completion of the transactions contemplated by this Agreement;

"**U.S. GAAP**" means accounting principles generally accepted in the United States;

"**U.S. Securities Laws**" means the 1933 Securities Act, the 1934 Exchange Act and all other state and federal securities Laws and the rules, regulations and published policies made thereunder;

"**Valent Agreement Amendment**" means the amendment to the Patent Assignment Agreement, dated September 12, 2010, between the Company and Valent Technologies LLC, in connection with which the Parent will issue 1,150,000 shares of common stock;

"**Voting and Exchange Trust Agreement**" means the voting and exchange trust agreement to be entered into among the Parent, Callco, the Purchaser and the Trustee (as defined in the Exchangeable Share Provisions) in substantially the form of Schedule E hereto;

"**Warrantholder**" means a holder of one or more Warrants who has signed this Agreement or who has agreed to be bound by this Agreement;

"**Warrants**" means, at any time, warrants to acquire Common Shares, other than Broker Warrants, which are, at such time, outstanding and unexercised; and

"**Warrant Dividend**" means the dividend declared by the Board of Directors of the Parent whereby each stockholder of record of the Parent as of the record date of January 24, 2013 received one (1) warrant to purchase one (1) share of common stock of the Parent (as adjusted for the Forward Split) at an exercise price of $1.25 (as adjusted for the Forward Split).

1.2 Currency

Except where otherwise specified, all references to currency herein are to lawful money of Canada and "$" refers to Canadian dollars.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, sections, paragraphs and subparagraphs and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement, including the Schedules hereto, and not to any particular Article, section or other portion hereof. Unless something in the subject matter or context is clearly inconsistent therewith, references herein to an Article, section, subsection, paragraph, clause, subclause or schedule by number or letter or both are to that Article, section, subsection, paragraph, clause, subclause or schedule in this Agreement.

1.4 Knowledge and Disclosure

Any reference in this Agreement to the "knowledge" or the "awareness" of the Company means to the best of the actual knowledge, information and belief of Jeffrey Bacha, in his capacity as an officer of the Company and not in his personal capacity or in any other capacity, as of the date of this Agreement without undertaking inquiry regarding the relevant matter, and does not include any knowledge or awareness of any other individual or any constructive, implied or imputed knowledge or awareness. Any reference in this Agreement to the "knowledge" or the "awareness" of the Purchaser or the Parent means to the best of the actual knowledge, information and belief of Lisa Guise, in her capacity as an officer and sole member of the Board of Directors of the Parent and not in her personal capacity or in any other capacity, as of the date of this Agreement without undertaking inquiry regarding the relevant matter, and does not include any knowledge or awareness of any other individual or any constructive, implied or imputed knowledge or awareness.

1.5 Extended Meanings, Etc.

Unless the context otherwise requires, words importing only the singular number also include the plural and vice versa; words importing any gender include all genders. The terms "including" or "includes" and similar terms of inclusion, unless expressly modified by the words "only" or "solely", mean "including without limiting the generality of the foregoing" and "includes without limiting the generality of the foregoing". Any Contract, instrument or Law defined or referred to herein means such Contract, instrument or Law as from time to time amended, restated, supplemented or otherwise modified, including, in the case of Contracts or instruments, by waiver or consent and, in the case of Laws, by succession of comparable successor Laws, and all attachments thereto and instruments incorporated therein and, in the case of statutory Laws, all rules and regulations made thereunder.

1.6 Date of any Action

If the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, then such action will be required to be taken on the next succeeding day which is a Business Day.

1.7 Performance of the Purchaser's Obligations

The Parent unconditionally guarantees the due and punctual performance of each and every obligation of the Purchaser arising under this Agreement.

1.8 Schedules

The following are the Schedules to this Agreement:

Schedule A	-	List of SecurityHolders
Schedule B	-	Exchangeable Share Provisions
Schedule C	-	Required Regulatory Approvals
Schedule D	-	Form of Support Agreement
Schedule E	-	Form of Voting and Exchange Trust Agreement

ARTICLE 2
THE ACQUISITION

2.1 Acquisition

The Company, each of the Securityholders, the Parent, Callco and the Purchaser agree that the Acquisition will be implemented in accordance with and subject to the terms and conditions contained in this Agreement. The closing of the transactions contemplated hereby will take place at 10:00 a.m. (Vancouver time) on the Effective Date at the offices in Vancouver, British of McCarthy Tétrault LLP, or at such other time on the Effective Date or such other place as may be agreed to by the Parties.

2.2 Consideration Mechanics

(a) The Company, each Eligible Holder, the Parent, the Purchaser and Callco agree that at the Effective Time:

(i) each Eligible Share will be and be deemed to be transferred by the Eligible Holder to the Purchaser (free and clear of any Liens) in exchange for the Eligible Share Consideration; and

(ii) at the same time as the step in Section 2.2(a)(i) occurs, the Eligible Holder of each Eligible Share transferred to the Purchaser pursuant to Section 2.2(a)(i) will cease to be the holder thereof, or to have any rights as a holder thereof other than the right to receive the Eligible Share Consideration payable in respect thereof pursuant to Section 2.2(a)(i), and legal and beneficial title to each such Eligible Share will vest in the Purchaser and the Purchaser will be and be deemed to be the transferee and legal and beneficial owner of such Eligible Share (free and clear of any Liens) and will be entered in the central securities register of the Company as the sole holder thereof.

(b) The Company, each Non-Eligible Holder, the Parent, the Purchaser and Callco agree that at the Effective Time:

(i) each Common Share outstanding immediately prior to the Effective Time (other than Eligible Shares) will be and be deemed to be transferred by the Non-Eligible Holder to the Purchaser (free and clear of any Liens) in exchange for the Share Consideration; and

(ii) at the same time as the step in Section 2.2(b)(i) occurs, the Non-Eligible Holder of each Common Share transferred to the Purchaser pursuant to Section 2.2(b)(i) will cease to be the holder thereof, or to have any rights as a holder thereof other than the right to receive the Share Consideration payable in respect thereof pursuant to Section 2.2(b)(i), and legal and beneficial title to each such Common Share will vest in the Purchaser and the Purchaser will be and be deemed to be the transferee and legal and beneficial owner of such Common Share (free and clear of any Liens) and will be entered in the central securities register of the Company as the sole holder thereof.

(c) The Company, each Optionholder, the Parent, the Purchaser and Callco agree that at the Effective Time each of the outstanding Options (whether vested or unvested) registered in the name of and held by the Optionholder, and each certificate representing such Options, shall be deemed to be amended such that, rather than entitling the Optionholder to acquire one (1) Common Share for each Option at the exercise price provided for therein, each Option shall entitle the Optionholder to acquire one (1) Parent Share for each Option at the exercise price provided for therein, and for the purpose of such outstanding Options, the Acquisition shall constitute an Event, as such term is defined in the Stock Option Plan.

(d) The Company, each Warrantholder, the Parent, the Purchaser and Callco agree that at the Effective Time each of the outstanding Warrants registered in the name of and held by the Warrantholder, and each certificate representing such Warrants, shall be deemed to be amended such that, rather than entitling the Warrantholder to acquire one (1) Common Share for each Warrant at the exercise price provided for therein, each Warrant shall entitle the Warrantholder to acquire one (1) Parent Share for each Warrant at the exercise price provided for therein, and for the purpose of each of the outstanding Warrants, the Acquisition shall constitute a Capital Reorganization and a Reverse Take-Over, as such terms are defined in each certificate representing such Warrants, and for greater certainty, the reference to “underlying securities” in Section 5(c) of each certificate representing the Warrants means Parent Shares.

(e) The Company, each Broker Warrantholder, the Parent, the Purchaser and Callco agree that at the Effective Time each of the outstanding Broker Warrants registered in the name of and held by the Broker Warrantholder, and each certificate representing such Broker Warrants, shall be deemed to be amended such that, rather than entitling the Broker Warrantholder to acquire one (1) Common Share for each Broker Warrant at the exercise price provided for therein, each Broker Warrant shall entitle the Broker Warrantholder to acquire one (1) Parent Share for each Broker Warrant at the exercise price provided for therein, and for the purpose of each of the outstanding Broker Warrant, the Acquisition shall constitute a Capital Reorganization and a Reverse Take-Over, as such terms are defined in each certificate representing such Broker Warrants**.**

(f) Each Shareholder, Optionholder,Warrantholder and Broker Warrantholder agrees that, with respect to each step set out above applicable to such holder, to execute and deliver all consents, releases, assignments and waivers, statutory or otherwise, required to transfer such Common Shares or to amend such certificate representing the Options, Warrants or Broker Warrants held by such holder in accordance with such step.

2.3 Income Tax Elections

The Purchaser will deliver to Shareholders who are Eligible Holders who receive Exchangeable Shares under the Acquisition the Tax Election Package shortly after the completion of the Acquisition. Shareholders who are Eligible Holders who receive Exchangeable Shares under the Acquisition shall be entitled to make an income tax election pursuant to subsection 85(1) of the Tax Act or, if the person is a partnership, subsection 85(2) of the Tax Act (and in each case, where applicable, the analogous provisions of provincial income tax Laws) with respect to the transfer of their Eligible Shares to the Purchaser by providing the Tax Election Package to the Purchaser within 90 days following such Shareholder’s receipt of the Tax Election Package, duly completed with the details of the number of Eligible Shares transferred and the applicable agreed amounts (which cannot be less than the fair market value of the Ancillary Rights at the Effective Time). Thereafter, subject to the Tax Election Package being correct and complete and complying with the provisions of the Tax Act (or applicable provincial income or corporate tax Laws), the relevant forms will be signed by the Purchaser and returned to such persons within 90 days after the receipt thereof by the Purchaser for filing with the Canada Revenue Agency (or the applicable provincial taxing agency). The Purchaser will not be responsible for the proper or accurate completion of the Tax Election Package or for checking or verifying the content of any election form and, except for the Purchaser’s obligation to return duly completed Tax Election Packages which are received by the Purchaser within 90 days of the Effective Date within 90 days after the receipt thereof by the Purchaser, the Purchaser will not be responsible for any taxes, interest or penalties or any other costs or

damages resulting from the failure by a Shareholder to properly and accurately complete or file the necessary election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, the Purchaser may choose to sign and return Tax Election Packages received more than 90 days following the Effective Date but will have no obligation to do so.

ARTICLE 3
CERTIFICATES AND PAYMENTS

3.1 Payments of Consideration

(a) At or before the Effective Time, the Purchaser will deposit or cause to be deposited with the Company for the benefit of the Shareholders one or more certificates representing the aggregate number of Exchangeable Shares or Parent Shares required to be delivered by the Purchaser to the Shareholders pursuant to Sections 2.2(a)(i) or 2.2(b)(i).

(b) As soon as practicable following the later of the Effective Date and the surrender by a Shareholder to the Company of a certificate that immediately prior to the Effective Time represented outstanding Common Shares (including Eligible Shares) that were transferred to the Purchaser under Sections 2.2(a)(i) or 2.2(b)(i), the former Shareholder will be entitled to receive in exchange therefor a certificate representing that number (rounded down to the nearest whole number) of Exchangeable Shares or Parent Shares such holder is entitled to receive pursuant to Section 2.2(a)(i) or Section 2.2(b)(i), together with any distributions or dividends which such holder is entitled to receive pursuant to Section 3.2, less any amounts withheld pursuant to Section 3.6, and any certificate so surrendered will forthwith be cancelled.

(c) Subject to Section 3.5, until surrendered as contemplated by this Section 3.1, each certificate which immediately prior to the Effective Time represented Common Shares (including Eligible Shares) that were transferred to the Purchaser under Section 2.2(a)(i) or Section 2.2(b)(i) will be thereafter deemed to represent only the right to receive a certificate representing that number (rounded down to the nearest whole number) of Exchangeable Shares or Parent Shares such holder is entitled to receive pursuant to Section 2.2(a)(i) or Section 2.2(b)(i), together with any distributions or dividends which such holder is entitled to receive pursuant to Section 3.2, less any amounts withheld pursuant to Section 3.6.

(d) The Purchaser will cause the Company, as soon as a former Shareholder becomes entitled to receive Eligible Share Consideration or Share Consideration in accordance with Section 3.1(b), to:

(i) forward or cause to be forwarded by first class mail (postage paid) to such former Shareholder at the address specified in the register of Common Shares; or

(ii) if requested by such former Shareholder, make available at the offices of the Company for pick-up by such former Shareholder; or

one or more certificates representing the Eligible Share Consideration or Share Consideration such former Shareholder is entitled to receive in accordance with the provisions hereof, less any amounts withheld pursuant to Section 3.6.

(e) No former Shareholder shall be entitled to receive any consideration with respect to such Common Shares other than Eligible Share Consideration or Share Consideration such former Shareholder is entitled to receive pursuant to this Section 3.1 and, for greater certainty, no such former Shareholder will be entitled to receive any interest, dividends, premium or other payment in connection therewith except in accordance with Section 3.2.

3.2 Dividends and Distributions

No dividends or other distributions declared or made after the Effective Time with respect to the Exchangeable Shares or Parent Shares with a record date after the Effective Time shall be paid to the Shareholder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding Common Shares (including Eligible Shares) that were transferred pursuant to Section 2.2(a)(i) or Section 2.2(b)(i) unless and until the holder of such certificate shall surrender such certificate in accordance with Section 3.1. Subject to applicable law, at the time of such surrender of any such certificate (or, in the case of clause (ii) below, at the appropriate payment date), there shall be paid to the holder of the certificates representing such Common Shares (including Eligible Shares) (without interest) (i) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Exchangeable Shares or Parent Shares to which such holder is entitled pursuant hereto and (ii) to the extent not paid under clause (i), on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and the payment date subsequent to surrender payable with respect to such Exchangeable Shares or Parent Shares.

3.3 Fractional Shares

In no event shall any Shareholder be entitled to a fractional Exchangeable Share or Parent Share and a holder of Common Shares (including Eligible Shares) shall not be entitled to any cash payment in lieu of a fractional Exchangeable Share or Parent Share. Where the aggregate number of Exchangeable Shares or Parent Shares to be issued to a Shareholder as consideration under this Agreement would result in a fraction of an Exchangeable Share or a Parent Share being issuable, the number of Exchangeable Shares or Parent Shares to be received by such Shareholder shall be rounded down to the nearest whole Exchangeable Share or Parent Share, as the case may be.

3.4 Loss of Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares (including Eligible Shares) that were acquired by the Purchaser pursuant to Section 2.2(a)(i) or Section 2.2(b)(i) has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the former Shareholder, the Company will, in exchange for such lost, stolen or destroyed certificate, deliver to such former Shareholder (a) the Eligible Share Consideration such former Shareholder is entitled to receive pursuant to Section 2.2(a)(i) or (b) the Share Consideration such former Shareholder is entitled to receive pursuant to Section 2.2(b)(i) in respect of such Common Shares together, in each case, with any distributions or dividends which such Shareholder is entitled to receive pursuant to Section 3.2 and less, in each case, any amounts withheld pursuant to Section 3.6. When authorizing such payment in relation to any lost, stolen or destroyed certificate, the former Shareholder will, as a condition precedent to the delivery thereof, give a bond satisfactory to the Purchaser and the Company or otherwise indemnify the Company, the Purchaser, the Parent and the Company against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

3.5 Extinction of Rights

Any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares (including Eligible Shares) that were acquired by the Purchaser pursuant to Section 2.2(a)(i) or Section 2.2(b)(i) which is not deposited with the Company in accordance with the provisions of Section 3.1 on or before the sixth anniversary of the Effective Date shall, on the sixth anniversary of the Effective Date, cease to represent a claim or interest of any kind or nature whatsoever, whether as a securityholder or otherwise and whether against the Company, the Purchaser, the Parent or any other person. On such date, the Eligible Share Consideration or Share Consideration such former Shareholder would otherwise have been entitled to receive, together with any distributions or dividends such holder would otherwise have been entitled to receive pursuant to Section 3.2, shall be deemed to have been surrendered for no consideration to the Purchaser. Neither the Company nor the Purchaser nor the Parent will be liable to any person in respect of any cash or securities (including any cash or securities previously held by the Company in trust for any such former Shareholder) which is forfeited to the Purchaser or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law.

3.6 Withholding Rights

The Company and the Purchaser will be entitled to deduct and withhold from any consideration otherwise payable to any Shareholder under this Agreement such amounts as the Company or the Purchaser is required to deduct and withhold with respect to such payment under the Tax Act, the U.S. Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax law as counsel may advise is required to be so deducted and withheld by the Company or the Purchaser, as the case may be. For the purposes hereof, all such withheld amounts shall be treated as having been paid to the person in respect of which such deduction and withholding was made on account of the obligation to make payment to such person hereunder, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority by or on behalf of the Company or the Purchaser, as the case may be.

ARTICLE 4
RIGHTS OF THE PARENT AND CALLCO TO ACQUIRE EXCHANGEABLE SHARES

4.1 Liquidation Call Right.

The Company, each Securityholder, the Parent, the Purchaser and Callco agree that in addition to the rights contained in the Exchangeable Share Provisions (including the Retraction Call Right), the Parent and Callco shall have the following rights in respect of the Exchangeable Shares:

(a) Subject to the proviso in Section 4.1(b) that Callco shall only be entitled to exercise the Liquidation Call Right with respect to those Exchangeable Shares, if any, in respect of which the Parent has not exercised the Liquidation Call Right, the Parent and Callco shall each have the overriding right (the "**Liquidation Call Right**"), in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of the Purchaser or any other distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, pursuant to Section 5 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is the Parent or an affiliate of the Parent) on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by the Parent or Callco, as the case may be, to each such holder of the Exchangeable Share Price (payable in the form of the Exchangeable Share Consideration) applicable on the last Business Day prior to the Liquidation Date (the "**Liquidation Call Purchase Price**") in accordance with Section 4.1(c). In the event of the exercise of the Liquidation Call Right by the Parent or Callco, as the case may be, each such holder of Exchangeable Shares shall be obligated to sell all of the Exchangeable Shares held by the holder to the Parent or Callco, as the case may be, on the Liquidation Date on payment by the Parent or Callco, as the case may be, to such holder of the Liquidation Call Purchase Price (payable in the form of Exchangeable Share Consideration) for each such share, and the Purchaser shall have no obligation to pay any Liquidation Amount to the holders of such shares so purchased.

(b) Callco shall only be entitled to exercise the Liquidation Call Right with respect to those Exchangeable Shares, if any, in respect of which the Parent has not exercised the Liquidation Call Right. To exercise the Liquidation Call Right, the Parent or Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and the Purchaser of its intention to exercise such right (i) in the case of a voluntary liquidation, dissolution or winding-up of the Purchaser or any other voluntary distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, at least 30 days before the Liquidation Date or (ii) in the case of an involuntary liquidation, dissolution or winding-up of the Purchaser or any other involuntary distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, at least five Business Days before the Liquidation Date. The Transfer Agent will notify the holders of Exchangeable Shares as to whether or not the Parent and/or Callco has exercised the Liquidation Call Right forthwith after the expiry of the period during which the Parent or Callco may exercise the Liquidation Call Right. If the Parent and/or Callco exercises the Liquidation Call Right, the Parent and/or Callco, as the case may be, will purchase and the holders of the Exchangeable Shares (other than any holder of Exchangeable Shares which is the Parent or an affiliate of the Parent) will sell, on the Liquidation Date, all of the Exchangeable Shares held by such holders on such date for a price per share equal to the Liquidation Call Purchase Price (payable in the form of Exchangeable Share Consideration).

(c) For the purposes of completing the purchase and sale of the Exchangeable Shares pursuant to the exercise of the Liquidation Call Right, the Parent and/or Callco, as the case may be, shall deposit or cause to be deposited with the Transfer Agent, on or before the Liquidation Date, the Exchangeable Share Consideration representing the total Liquidation Call Purchase Price less any amounts withheld pursuant to Section 3.6. Provided that such Exchangeable Share Consideration has been so deposited with the Transfer Agent, the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable Shares on and after the Liquidation Date and, from and after such date, shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement) other than the right to receive their proportionate part of the total Liquidation Call Purchase Price, without interest, upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Liquidation Date be considered and deemed for all purposes to be the holder of the Parent Shares which such holder is entitled to receive. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the BCBCA and the constating documents of the Purchaser, and such additional documents, instruments and payments as the Transfer Agent and the Purchaser may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive, in exchange therefor, and the Transfer Agent on behalf of the Parent and/or Callco, as the case may be, shall deliver to such holder, the Exchangeable Share Consideration such holder is entitled to receive. If neither the Parent nor Callco exercises the

Liquidation Call Right in the manner described above, each holder of the Exchangeable Shares will be entitled to receive, on the Liquidation Date, the Liquidation Amount otherwise payable by the Purchaser in respect of the Exchangeable Shares held by such holder in connection with the liquidation, dissolution or winding-up of the Purchaser or any distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs pursuant to Section 5 of the Exchangeable Share Provisions.

4.2 Redemption Call Right.

The Company, each Securityholder, the Parent, the Purchaser and Callco agree that in addition to the rights contained in the Exchangeable Share Provisions (including the Retraction Call Right), the Parent and Callco shall have the following rights in respect of the Exchangeable Shares:

(a) Subject to the proviso in Section 4.2(b) that Callco shall only be entitled to exercise the Redemption Call Right with respect to those Exchangeable Shares, if any, in respect of which the Parent has not exercised the Redemption Call Right, and notwithstanding the proposed redemption of the Exchangeable Shares by the Purchaser pursuant to Section 7 of the Exchangeable Share Provisions, the Parent and Callco shall each have the overriding right (the "**Redemption Call Right**") to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is the Parent or an affiliate of the Parent) on the Redemption Date all but not less than all of the Exchangeable Shares held by each such holder on payment by the Parent or Callco, as the case may be, to each such holder of the Exchangeable Share Price (payable in the form of the Exchangeable Share Consideration) applicable on the last Business Day prior to the Redemption Date (the "**Redemption Call Purchase Price**") in accordance with Section 4.2(c). In the event of the exercise of the Redemption Call Right by the Parent or Callco, as the case may be, each such holder shall be obligated to sell all of the Exchangeable Shares held by the holder to the Parent or Callco, as the case may be, on the Redemption Date on payment by the Parent or Callco, as the case may be, to such holder of the Redemption Call Purchase Price (payable in the form of Exchangeable Share Consideration) for each such share, and the Purchaser shall have no obligation to redeem, or to pay the Redemption Price (as defined in the Exchangeable Share Provisions) in respect of, such shares so purchased.

(b) Callco shall only be entitled to exercise the Redemption Call Right with respect to those Exchangeable Shares, if any, in respect of which the Parent has not exercised the Redemption Call Right. To exercise the Redemption Call Right, the Parent or Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and the Purchaser of its intention to exercise such right (i) in the case of a redemption occurring as a result of a Parent Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, on or before the Redemption Date and (ii) in any other case, at least 30 days before the Redemption Date. The Transfer Agent will notify the holders of the Exchangeable Shares as to whether or not the Parent and/or Callco has exercised the Redemption Call Right forthwith after the expiry of the period during which the Parent or Callco may exercise the Redemption Call Right. If the Parent and/or Callco exercises the Redemption Call Right, the Parent and/or Callco, as the case may be, will purchase and the holders of the Exchangeable Shares (other than any holder of Exchangeable Shares which is the Parent or an affiliate of the Parent) will sell, on the Redemption Date, all of the Exchangeable Shares held by such holders on such date for a price per share equal to the Redemption Call Purchase Price (payable in the form of Exchangeable Share Consideration).

(c) For the purposes of completing the purchase and sale of the Exchangeable Shares pursuant to the exercise of the Redemption Call Right, the Parent and/or Callco, as the case may be, shall deposit or cause to be deposited with the Transfer Agent, on or before the Redemption Date, the Exchangeable Share Consideration representing the total Redemption Call Purchase Price less any amounts withheld pursuant to Section 3.6. Provided that such Exchangeable Share Consideration has been so deposited with the Transfer Agent, the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable Shares on and after the Redemption Date and, from and after such date, shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement) other than the right to receive their proportionate part of the total Redemption Call Purchase Price, without interest, upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Redemption Date be considered and deemed for all purposes to be the holder of the Parent Shares which such holder is entitled to receive. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the BCBCA and the constating documents of the Purchaser, and such additional documents, instruments and payments as the Transfer Agent and the Purchaser may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive, in exchange therefor, and the Transfer Agent on behalf of the Parent and/or Callco, as the case may be, shall deliver to such holder, the Exchangeable Share Consideration such holder is entitled to receive. If neither the Parent nor Callco exercises the Redemption Call Right in the manner described above, each holder of the Exchangeable Shares will be entitled to receive, on the Redemption Date, the redemption price otherwise payable by the Purchaser in respect of the Exchangeable Shares held by such holder in connection with the redemption of the Exchangeable Shares pursuant to Section 7 of the Exchangeable Share Provisions.

4.3 Change of Law Call Right.

The Company, each Securityholder, the Parent, the Purchaser and Callco agree that in addition to the rights contained in the Exchangeable Share Provisions (including the Retraction Call Right), the Parent and Callco shall have the following rights in respect of the Exchangeable Shares:

(a) Subject to the proviso in Section 4.3(b) that Callco shall only be entitled to exercise the Change of Law Call Right with respect to those Exchangeable Shares, if any, in respect of which the Parent has not exercised the Change of Law Call Right, the Parent and Callco shall each have the overriding right (the "**Change of Law Call Right**"), in the event of a Change of Law, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is the Parent or an affiliate of the Parent) on the Change of Law Call Date all but not less than all of the Exchangeable Shares held by each such holder on payment by the Parent or Callco, as the case may be, to each such holder of the Exchangeable Share Price (payable in the form of the Exchangeable Share Consideration) applicable on the last Business Day prior to the Change of Law Call Date (the "**Change of Law Call Purchase Price**") in accordance with Section 4.3(c). In the event of the exercise of the Change of Law Call Right by the Parent or Callco, as the case may be, each such holder of Exchangeable Shares shall be obligated to sell all of the Exchangeable Shares held by the holder to the Parent or Callco, as the case may be, on the Change of Law Call Date on payment by the Parent or Callco, as the case may be, to such holder of the Change of Law Call Purchase Price (payable in the form of Exchangeable Share Consideration) for each such share.

(b) Callco shall only be entitled to exercise the Change of Law Call Right with respect to those Exchangeable Shares, if any, in respect of which the Parent has not exercised the Change of Law Call Right. To exercise the Change of Law Call Right, the Parent or Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and the Purchaser of its intention to exercise such right at least 30 days before the date (the "**Change of Law Call Date**") on which the Parent or Callco, as the case may be, shall acquire the Exchangeable Shares pursuant to the exercise of the Change of Law Call Right. The Transfer Agent will notify the holders of Exchangeable Shares as to whether the Parent and/or Callco has

exercised the Change of Law Call Right forthwith after receiving notice of such exercise from the Parent and/or Callco. If the Parent and/or Callco exercises the Change of Law Call Right, the Purchaser and/or Callco, as the case may be, will purchase and the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is the Parent or an affiliate of the Parent) will sell, on the Change of Law Call Date, all of the Exchangeable Shares held by such holders on such date for a price per share equal to the Change of Law Call Purchase Price (payable in the form of Exchangeable Share Consideration).

(c) For the purposes of completing the purchase and sale of the Exchangeable Shares pursuant to the exercise of the Change of Law Call Right, the Parent and/or Callco, as the case may be, shall deposit or cause to be deposited with the Transfer Agent, on or before the Change of Law Call Date, the Exchangeable Share Consideration representing the total Change of Law Call Purchase Price. Provided that such Exchangeable Share Consideration has been so deposited with the Transfer Agent, the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable Shares on and after the Change of Law Call Date and, from and after such date, shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement) other than the right to receive their proportionate part of the total Change of Law Purchase Price, without interest, upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Change of Law Call Date be considered and deemed for all purposes to be the holder of the Parent Shares which such holder is entitled to receive. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the BCBCA and the constating documents of the Purchaser, and such additional documents, instruments and payments as the Transfer Agent and the Purchaser may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive, in exchange therefor, and the Transfer Agent on behalf of the Parent and/or Callco, as the case may be, shall deliver to such holder, the Exchangeable Share Consideration such holder is entitled to receive.

4.4 List of Securityholders

Upon the reasonable request from time to time of the Purchaser, the Company will provide the Purchaser with lists (in both written and electronic form) of the registered Shareholders, together with their addresses and respective holdings of Common Shares or other securities of the Company, as applicable, lists of the names and addresses and holdings of all persons having rights issued or granted by the Company to acquire or otherwise related to Common Shares (including Optionholders), together with their addresses and respective holdings of Common Shares or other securities of the Company.

4.5 Securityholder Communications

The Company and the Purchaser agree to cooperate in the preparation of presentations, if any, to Shareholders or other securityholders regarding the Acquisition, and the Company agrees to consult with the Purchaser in connection with any communication or meeting with Shareholders or other securityholders that it may have, provided, however, that the foregoing shall be subject to the Company's obligations to comply with applicable Laws and, if the Company is required to make any such disclosure, it shall use its commercially reasonable efforts to give the Purchaser a reasonable opportunity to review and comment thereon prior to its dissemination.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Company

Except as specifically disclosed in the correspondingly numbered subsection of the Company Disclosure Letter or the PPM, the Company represents and warrants to and in favour of the Purchaser and the Parent as follows and acknowledges that each of the Purchaser and the Parent is relying upon such representations and warranties in entering into this Agreement:

(a) Organization and Qualification. The Company has been duly incorporated and validly exists and is in good standing under the BCBCA and has the requisite corporate and legal power and capacity to own its assets as now owned and to carry on its business as it is now being carried on. The Company is duly qualified to carry on business in each jurisdiction in which the nature or character of the respective properties and assets, owned, leased or operated by it, or the nature of its business or activities, makes such qualification necessary except where the failure to be so qualified has not had and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. The minute books of the Company have true, complete and correct copies of the constating documents of the Company, as amended, and copies of the minutes (or, in the case of draft minutes, the most recent drafts thereof) of all meetings of the Shareholders, the Board of Directors and each committee of the Board of Directors held since the Company's date of incorporation, excluding any minutes (or portion thereof) of the Board of Directors in relation to this Agreement.

(b) Authority Relative to this Agreement. The Company has the requisite corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder and to complete the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the completion by the Company of the transactions contemplated by this Agreement have been duly authorized by the Board of Directors and no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery by it of this or the completion by the Company of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to limitations of actions or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and general principles of equity and public policy and to the qualification that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction.

(c) Required Approvals. No authorization, license, Permit, certificate, registration, consent or approval of, or filing with, or notification to, any Governmental Authority is required to be obtained or made by or with respect to the Company for the execution and delivery of this Agreement, the performance by the Company of its obligations hereunder, the completion by the Company of the Acquisition or the ability of the Purchaser to conduct operations after the Effective Time, other than:

(i) such filings and other actions required under applicable Securities Laws;

(ii) the Required Regulatory Approvals relating to the Company; and

(iii) any other authorizations, licenses, Permits, certificates, registrations, consents, approvals and filings and notifications with respect to which the failure to obtain or make same could not have or reasonably be expected to have a Material Adverse Effect on the Company or could not reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition.

(d) No Violation. Subject to obtaining the authorizations, consents and approvals and making the filings referred to in Section 5.1(c) and complying with applicable Laws, the execution and delivery by the Company of this Agreement, the performance by the Company of its obligations hereunder and the completion of the Acquisition do not and will not (nor will they with the giving of notice or the lapse of time or both):

(i) result in a contravention, breach, violation or default under any Law applicable to it or any of its properties or assets;

(ii) result in a contravention, conflict, violation, breach or default under the constating documents of it;

(iii) result in a contravention, breach or default under or termination of, or acceleration or permit the acceleration of the performance required by, or loss of any benefit under, any Material Contract or material Permit to which it is a party or by which it is bound or to which any of its properties or assets is subject or give to any person any interest, benefit or right, including any right of purchase or sale, termination, payment, modification, reimbursement, penalty, cancellation or acceleration, under any such Contract or Permit; or

(iv) result in the suspension or alteration in the terms of any material Permit held by it or in the creation of any Lien upon any of its properties or assets;

except, in the case of each of clauses (i), (iii) and (iv) above, as could not have or reasonably be expected to have a Material Adverse Effect on the Company or would not reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition.

(e) Authorized Capital and Outstanding Warrants and Options. The authorized capital of the Company consists of an unlimited number of Common Shares. As at the date of this Agreement, there are (i) 13,070,000 Common Shares issued and outstanding all of which have been duly authorized and validly issued and are fully paid and non-assessable, (ii) Warrants providing for the issuance of up to 3,360,000 Common Shares upon exercise thereof, (iii) 1,020,000 Options outstanding under the Stock Option Plan providing for the issuance of up to 1,020,000 Common Shares upon the exercise thereof. There is no outstanding contractual obligation of the Company to repurchase, redeem or otherwise acquire any Common Shares. Except for such Warrants and Options, and except for the Consultation Agreement between the Company and SJBarer Consulting LLC, the Company has no outstanding agreement, subscription, warrant, option, conversion or exchange privilege right, arrangement or commitment (nor has it granted any right or privilege (contingent or otherwise) capable of becoming an agreement, subscription, warrant, option, conversion or exchange privilege, right, arrangement or commitment) obligating it to issue or sell any Common Shares or other securities of the Company, including any security or obligation of any kind convertible into or exchangeable or exercisable for any Common Shares or other security of the Company. Except for the Stock Option Plan, the Company does not have outstanding any stock appreciation rights, phantom equity, restricted share unit, deferred share unit or similar right, agreement, arrangement or commitment based on the book value, Common Share price, income or any other attribute of or related to the Company. No securities of the Company are listed on any stock or securities exchange or market or registered under any securities Laws. Except as disclosed in the Company Financial Statements, there are no outstanding bonds, debentures or other evidences of indebtedness of the Company having the right to vote (or that are convertible into or exchangeable or exercisable for securities having the right to vote) with the holders of Common Shares on any matter. Section 5.1(e) of the Company Disclosure Letter sets out a true, complete and correct list of all Warrants and Options, and the names of the holders of the Warrants and Options, and the respective issuance or grant date of such securities.

(f) Company Entities. There are no Company Entities.

(g) Reporting Issuer Status and Securities Laws Matters. The Company is not a "reporting issuer" within the meaning of applicable Canadian Securities Laws and no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Company, and the Company is in compliance in all material respects with applicable Canadian Securities Laws. To the knowledge of the Company, no inquiry, review or investigation (formal or informal) of the Company by any securities commission or similar regulatory authority under applicable Canadian Securities Laws is in effect or ongoing or expected to be implemented or undertaken.

(h) Financial Statements. The Company Financial Statements have been prepared in accordance with Canadian GAAP applied on a basis consistent with those of previous periods and in accordance with applicable Laws except (i) as otherwise stated in the notes to such statements or, in the case of the Company Annual Financial Statements, in the auditor's report thereon and (ii) except that the Company Interim Financial Statements are subject to normal period-end adjustments and may omit notes which are not required by applicable Canadian Securities Laws or Canadian GAAP. The Company Financial Statements present fairly, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Company on a consolidated basis as at the respective dates thereof and the revenues, earnings, results of operations, changes in shareholders' equity and cash flows of the Company on a consolidated basis for the periods covered thereby (subject, in the case of the Company Interim Financial Statements, to normal period-end adjustments). Except as disclosed in Section 5.1(h) of the Company Disclosure Letter, there are no outstanding loans made by the Company to any director or officer of the Company.

(i) No Undisclosed Liabilities. The Company has no liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) other than (i) liabilities and obligations disclosed in the Company Interim Financial Statements, (ii) liabilities and obligations incurred in the ordinary course of business since December 31, 2011 that have not had and could not reasonably be expected to have, individually or in aggregate with all other liabilities and obligations of the Company (other than those disclosed in the Company Interim Financial Statements), a Material Adverse Effect on the Company and (iii) liabilities and obligations incurred as expressly permitted or specifically contemplated by this Agreement (including those related to Transaction Expenses). Without limiting the foregoing, the Company Interim Financial Statements reflect reasonable reserves in accordance with Canadian GAAP for contingent liabilities relating to pending litigation and other contingent obligations of the Company.

(j) Absence of Certain Changes. Since December 31, 2011, except as set out in Section 5.1(j) of the Company Disclosure Letter:

(i) the Company has conducted its business only in the ordinary course consistent with past practice;

(ii) there has not been any event, occurrence, development or state of circumstances or facts that has had or could reasonably be expected to have a Material Adverse Effect on the Company;

(iii) there has not been any material write-down by the Company of any of the assets of the Company;

(iv) there has not been any expenditure or commitment to expend by the Company with respect to capital expenses where any such expenditures and commitments exceed $10,000 in the aggregate;

(v) other than in the ordinary course of business, there has not been any material change in the levels of accounts receivable or payable, inventories or employees of the Company;

(vi) there has not been any, direct or indirect, acquisition or sale, lease, license or other disposition by the Company of any interest in any material assets;

(vii) there has not been any incurrence, assumption or guarantee by the Company of any indebtedness for borrowed money, any creation or assumption by the Company of any Lien (other than Permitted Liens), or any making by the Company of any loan, advance or capital contribution to or investment in any other person, except, in each case, in the ordinary course of business;

(viii) there has not been any satisfaction, settlement or compromise of any material claim, liability or obligation that was not reflected in the Company Interim Financial Statements;

(ix) the Company has not effected any material change in its accounting policies, principles, methods, practices or procedures, except for undertaking preparatory work to convert from Canadian GAAP to U.S. GAAP;

(x) the Company has not suffered any casualty, damage, destruction or loss to any of its properties in excess of $10,000 in the aggregate;

(xi) the Company has not declared, set aside or paid any dividends or made any distribution or payment or return of capital in respect of the Common Shares;

(xii) the Company has not effected or passed any resolution to approve a split, division, consolidation, combination or reclassification of the Common Shares or any other securities of the Company;

(xiii) other than in the ordinary course of business, there has not been any material increase in or modification of the compensation payable or to become payable by the Company to any of its directors, officers, employees, former employees or consultants (or any of their respective dependents or beneficiaries) or any grant or award to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement to, for or with any of such directors, officers, employees or consultants;

(xiv) the Company has not adopted, or materially amended, any collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan; and

(xv) the Company has not agreed, announced, resolved or committed to do any of the foregoing.

(k) Compliance with Laws. The business of the Company has been and is currently being conducted in compliance in all material respects with all applicable Laws, and the Company has not received any notice of any alleged material non-compliance or violation of any such Laws. Without limiting the generality of the foregoing, all issued and outstanding Common Shares, Options and Warrants have been issued in compliance, in all material respects, with all applicable Canadian Securities Laws.

(l) Litigation. Except as disclosed in Section 5.1(l) of the Company Disclosure Letter, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry before or by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative matter or proceeding (collectively, "**Proceedings**") against or involving the Company (whether in progress, pending or, to the knowledge of the Company, threatened) that, if adversely determined, would, in the aggregate, result in an obligation, award or damages payable by the Company in excess of $10,000 or prevent or significantly impede or materially delay the completion of the Acquisition and, to the knowledge of the Company, no event or circumstance has occurred which might reasonably be expected to give rise to any such Proceeding. None of the Company's properties or assets is subject to any outstanding judgment, order, writ, injunction, rule, award or decree of any Governmental Authority that involves or may involve, or restricts or may restrict, the right or ability of the Company to conduct its business in all material respects as it has been conducted prior to the date hereof or that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company or could reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition.

(m) Insolvency. No Proceeding is pending by or against the Company, or, to the knowledge of the Company, is planned or threatened, in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of the Company or for the appointment of a trustee, receiver, manager or other administrator of the Company or any of its properties or assets nor, to the knowledge of the Company, is any such act or Proceeding threatened. The Company has not sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *United States Bankruptcy Code* or similar legislation.

(n) Real Property. The Company does not hold beneficial or legal title to any real property.

(o) Leased Property. With respect to the real property identified as being leased or subleased by the Company in Section 5.1(o) of the Company Disclosure Letter (which real property constitutes all of the real property leased or subleased as of the date hereof by the Company for leases having an outstanding term of 12 months or more), (i) each lease or sublease for such property (each, a "**Lease**") constitutes a legal, valid and binding obligation of the Company, enforceable against the Company, as the case may be, in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to limitations of actions or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and general principles of equity and public policy and to the qualification that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction, and is in full force and effect, unamended by oral or written agreement, (ii) the Company is not in material breach of or default under any Lease and, to the knowledge of the Company, no event has occurred which, with the giving of notice or lapse of time, or both, would constitute a breach of or default under any Lease, (iii) to the knowledge of the Company, no third party has repudiated or has the right to terminate or repudiate any Lease except in accordance with its terms or with respect to the normal exercise of remedies in connection with any defaults thereunder or in accordance with any termination rights set out therein and (iv) to the knowledge of the Company, no counterparty to any Lease is in material default thereunder.

(p) Assets. The Company owns or otherwise holds good and valid legal title to, or holds a valid leasehold interest in, all material assets and properties that are required to conduct the business and operations of the Company as presently conducted and proposed to be conducted and there are no Liens on any such assets or properties that could, individually or in the aggregate, materially adversely impact the normal use and operation thereof in the ordinary course of business of the Company or materially detract from the value of any such assets or properties except for Permitted Liens.

(q) Operational Matters. Except as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company:

(i) all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, contract commitments, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of any direct or indirect assets of the Company; and

(ii) all costs, expenses, and liabilities due and payable on or prior to the date hereof under the terms of any Contracts to which the Company is directly or indirectly bound have been properly paid in accordance with the applicable terms other than payments being contested in good faith.

(r) Taxes.

(i) The Company has duly filed all Returns required to be filed by it prior to the date hereof, and all such Returns are true, complete and correct in all material respects and fully disclose all income and expenses as required or permitted by applicable Law. The Company has paid or has collected, withheld and remitted to the appropriate Governmental Authority on a timely basis all assessments and reassessments and all other Taxes due and payable by it, other than those which are being or have been contested in good faith pursuant to applicable Laws and in respect of which adequate reserves or accrual in accordance with Canadian GAAP have been provided in the Company Interim Financial Statements. Except as provided in the Company Interim Financial Statements, no audit, action, investigation, deficiency, litigation, proposed adjustment or other Proceeding exists or has been asserted or, to the knowledge of the Company, threatened with respect to Taxes of the Company, and the Company is not a party to any Proceeding for assessment, reassessment or collection of Taxes and no such event has been asserted or, to the knowledge of the Company, threatened against the Company or any of its respective assets, and there are no matters of dispute or matters under discussion with any Governmental Authority relating to Taxes assessed by any Governmental Authority against the Company or relating to any matters which could result in claims for Taxes or additional Taxes. No Lien, other than Permitted Liens, for Taxes has been filed or exists other than for Taxes not yet due and payable by the Company. The Company Interim Financial Statements accurately reflect, as of the dates thereof, the Company's liability for Taxes due and accruing, including Taxes for which a tax return was not yet filed or required to be filed. There are no currently effective material elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any Taxes, the filing of any Return or any payment of Taxes by the Company. The Company has not made, prepared and/or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Returns that could, in and of itself, require a material amount to be included in the income of the Company for any period ending after the Effective Date. The Company has not acquired property from a non-arm's length person (within the meaning of the Tax Act) (i) for consideration the value of which is less than the fair market value of the property or (ii) to the knowledge of the Company, as a contribution of capital for which no shares were issued by the acquirer of the property and the recipient's cost in such property is less than its fair market value at the time of such contribution. The Company is a taxable Canadian corporation as defined in the Tax Act. The Company is not required to file any Return in respect of income taxes in any jurisdiction other than the jurisdiction of its formation.

(ii) The Company has withheld from each payment made to any of its present or former employees, officers and directors, and to all other persons, all material amounts required by applicable Law to be withheld.

(iii) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of sections 79 to 80.04 of the Tax Act to the Company.

(iv) Records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act have been made and obtained by the Company with respect to all material transactions between the relevant entity and any person not resident in Canada with whom such entity was not dealing at arm's length within the meaning of the Tax Act, during a Taxation year commencing after 2005 and ending on or before the Effective Date.

(s) Contracts.

(i) Except as set forth in Section 5.1(s)(i) of the Company Disclosure Letter, the Company is not a party to or bound or governed by any of the following (each, together with all exhibits and schedules thereto, a "**Material Contract**"):

A. any Contract under which the Company is obliged to make payments on an annual basis in excess of $10,000 in the aggregate and that is not terminable by the Company on less than 12 months' notice;

B. any partnership, limited or unlimited liability company agreement, joint venture, alliance agreement or other similar agreement or license agreement;

C. any Contract under which indebtedness for borrowed money in excess of $10,000 is outstanding or may be incurred or pursuant to which any property or asset of the Company is mortgaged, pledged or otherwise subject to a Lien, any Contract under which the Company has directly or indirectly guaranteed any liabilities or obligations of any person in excess of $10,000 or any Contract restricting the incurrence of indebtedness by the Company in any material respect or the incurrence of Liens on any properties or securities of the Company in any material respect or restricting the payment of dividends or other distributions in any material respect;

D. any currency, commodity, interest rate or equity related hedge, derivative, swap or other financial risk management Contract;

E. any Contract providing for indemnification by the Company;

F. any standstill or similar Contract currently restricting the ability of the Company to offer to purchase or purchase the assets or equity securities of another person; or

G. any Contract which, if terminated or modified or if it ceased to be in effect, would have or reasonably be expected to have a Material Adverse Effect on the Company.

The Company will provide true, correct and complete copies of each Material Contract to the Purchaser upon request.

(ii) The Company is not or, to the knowledge of the Company, any of the other parties thereto are not, in breach or violation of or in default under (in each case, with or without notice or lapse of time or both) any Material Contract in any material respect, and the Company has not received or given any notice of default under any Material Contract which remains uncured, and, to the knowledge of the Company, there exists no state of facts which after notice or lapse of time or both would constitute a default under or breach or violation of any Material Contract or the inability of a party to any Material Contract to perform its obligations thereunder where, in any such case, such default, breach, violation or non-performance has had or would reasonably be expected to have a Material Adverse Effect on the Company.

(iii) There are no shareholders or stockholders agreements, registration rights agreements, voting trusts, proxies or similar agreements, arrangements or commitments to which the Company is a party or, to the knowledge of the Company, with respect to any shares or other equity interests of the Company or any other Contract relating to disposition, voting or dividends with respect to any shares or other equity securities of the Company.

(iv) To the knowledge of the Company, the Material Contracts constitute all of the Contracts that are required to conduct the business and operations of the Company as presently conducted. The Company has not received written notice of the termination of, or intent to terminate or otherwise fail to fully perform any Material Contract.

(t) Employment Agreements and Collective Agreements. The Company is not a party to or bound or governed by, or subject to, or has any liability with respect to:

(i) any employment, retention or change of control agreement with, or any written or oral agreement, commitment, obligation, arrangement, plan or understanding providing for any retention, bonus, severance, change of control, retirement or termination payments in excess of $10,000 to any current or former director, officer or employee of the Company;

(ii) any collective bargaining or union agreement or other similar arrangement with any labour union or employee associate, or any actual or, to the knowledge of the Company, threatened application for certification or bargaining rights in respect of the Company;

(iii) any labour dispute, work stoppage or slowdown, strike or lock-out relating to or involving any employees of the Company; or

(iv) any actual or, to the knowledge of the Company, threatened claim or other Proceeding arising out of or in connection with employment by the Company or the termination thereof.

(u) Health and Safety. There are no notices of reassessment or penalty assessments or any other communications related thereto which the Company has received from any Governmental Authority regarding occupational health and safety or workers compensation matters and there are no such assessments which are unpaid as of the date hereof.

(v) Employment and Labour Laws. The Company has operated in accordance with all applicable Laws with respect to employment and labour in all material respects, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights, labour relations and privacy, and there are no current, pending or, to the knowledge of the Company, threatened Proceedings by or before any Governmental Authority with respect to any such matters, except where the failure to so operate would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on the Company.

(w) Acceleration of Benefits. Except as contemplated herein or in Section 5.1(w) of the Company Disclosure Letter, no person will, as a result of the Company completing the Acquisition, become entitled to (i) any retirement, severance, termination, bonus or other similar payment, (ii) the acceleration of the vesting of or the time to exercise any outstanding stock option or employee, officer or director awards, (iii) the forgiveness or postponement of payment of any material indebtedness owing by such person to the Company or (iv) receive any additional payments or compensation under or in respect of any employee, officer or director benefits or incentive, performance or other compensation plans or arrangements.

(x) Intellectual Property.

(i) The Company owns all right, title and interest in and to, or has validly licensed (and are not in material breach of such licenses), all patent applications, patents, trade-marks, trade names, service marks, copyrights, trade secrets, software, technology and all other intellectual property and proprietary rights that are material to the conduct of the business and operations, as presently conducted, of the Company (collectively, the "**Intellectual Property Rights**").

(ii) All of the registered Intellectual Property Rights are sufficient, in all material respects, for conducting the business, as presently conducted, of the Company.

(iii) To the knowledge of the Company, all of the Intellectual Property Rights are valid, protectable, and enforceable and do not infringe, misuse, misappropriate, or otherwise violate in any material way upon any third parties' intellectual property and proprietary rights and no event will occur as a result of the transactions contemplated hereby that would render invalid or unenforceable any of the Intellectual Property Rights, in each case except as has not had and could not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(iv) The Company has obtained and properly recorded previously executed assignments for the patents and patent applications in the registered Intellectual Property Rights as necessary to fully perfect their respective rights and title therein in accordance with applicable Laws in each respective jurisdiction except where the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(v) There are no Proceedings, reissues, re-examinations, cancellations or invalidations of any kind pending or in progress, or, to the knowledge of the Company, threatened relating in any way to the registered Intellectual Property Rights.

(vi) To the knowledge of the Company, no third party is infringing upon, misusing, misappropriating, or otherwise violating the Intellectual Property Rights in any material respect.

(vii) There are no outstanding Liens or material agreements or restrictions of any kind relating to the Intellectual Property Rights, nor is the Company bound by or a party to or otherwise subject to any Liens or material agreements or restrictions of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes of any other person other than such licenses or agreements arising from the purchase of "off the shelf" or similar products.

(viii) The Company has not received any communications nor, to the knowledge of the Company, is there any Proceeding alleging that the Company has violated or, by conducting its business and operations, as presently conducted or proposed to be conducted, would violate, misuse, misappropriate, or otherwise violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person, nor is the Company aware of any basis therefor.

(ix) Except as disclosed in the Company Financial Statements, the Company knows of no asserted or unasserted claims of ownership of the Intellectual Property Rights by any third party other than the Company.

(x) The Company knows of no inventors of the Intellectual Property Rights other than the named inventors of the Intellectual Property Rights and know of no asserted or unasserted claims of inventorship by any person other than

the named inventors of the Intellectual Property Rights.

(xi) The Company knows of no asserted claims of prior invention of the Intellectual Property Rights.

(xii) The Company have complied in all material respects with all laws, statutes, regulations, and rules in obtaining and perfecting the Intellectual Property Rights, including, without limitation, all prior art disclosure requirements.

(xiii) The Company has paid all fees and annuities on and made all required filings relating to the Intellectual Property Rights and the Intellectual Property Rights are in good standing except where the failure to make such payments has not had and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(xiv) Except as disclosed in the Company Financial Statements, the Company does not intend to utilize any inventions, trade secrets, or proprietary information of any employee made prior to his or her employment by the Company, as appropriate.

(xv) All hardware, software and firmware, processed data, technology infrastructure and other computer systems used in connection with the conduct of the business and operations, as presently conducted, of the Company (collectively, the "**Technology**") are sufficient, in all material respects, for conducting the business, as presently conducted, of the Company.

(xvi) The Company owns or has validly licensed (and are not in material breach of such licenses) the Technology and have commercially reasonable security measures in place in relation to the Technology.

(xvii) The Company has reasonable back-up systems adequate to ensure the continuing availability of the functionality, in all material respects, provided by the Technology, and have ownership of or a valid license to the Intellectual Property Rights necessary to allow them to continue to provide the functionality, in all material respects, provided by the Technology in the event of any malfunction of the Technology.

(y) Environment. Except as disclosed in Section 5.1(y) of the Company Disclosure Letter:

(i) there has not occurred any Release of any Hazardous Substances (except in compliance with applicable Environmental Laws) on, at, in, under or from any of the real properties currently or previously owned, leased or used by the Company and there is no such Release, regardless of whether it was in compliance with Environmental Laws that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, and the Company has been and is currently conducting its business and operations in compliance in all material respects with all applicable Environmental Laws;

(ii) to the knowledge of the Company, none of the real properties currently or previously owned, leased or used by the Company has been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose of, transfer, produce or process Hazardous Substances (except in compliance in all material respects with all applicable Environmental Laws) and all Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of any of the Material Properties have been handled, recycled, disposed of, treated and stored in compliance in all material respects with all applicable Environmental Laws;

(iii) there are no claims pending or, to the knowledge of the Company, threatened against the Company arising out of any applicable Environmental Laws. The Company is not subject to any past or present fact, condition or circumstance that would reasonably be expected to result in any liability under any applicable Environmental Laws that could, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on the Company.

(z) Insurance. The Company maintains the material insurance policies described in Section 5.1(z) of the Company Disclosure Letter, and the Company is in compliance in all material respects with all requirements with respect thereto.

(aa) Books and Records. The corporate records and minute books of the Company have been maintained in accordance with all applicable Laws in all material respects, and such corporate records and minute books are complete and accurate in all material respects. The financial books, records and accounts of the Company have in all material respects been maintained in accordance with good business practices and in accordance with Canadian GAAP and with the accounting principles generally accepted in the country of domicile of each such entity on a basis consistent with prior years.

(bb) Non-Arm's Length Transactions. Except for employment or employment compensation agreements entered into in the ordinary course of business and as disclosed in the Company Financial Statements, as disclosed in Section 5.1(bb) of the Company Disclosure Letter, there are no current contracts, commitments, agreements, arrangements or other transactions between the Company, on the one hand, and any (i) officer or director of the Company, (ii) any holder of record or, to the knowledge of the Company, beneficial owner of or 10% or more of the outstanding Common Shares or (iii) any affiliate or associate or any such officer, director or Shareholder, on the other hand.

(cc) No Collateral Benefits. Except as disclosed in the Company Financial Statements, to the knowledge of the Company, no "related party" (as defined in MI 61-101) of the Company that beneficially owns or exercises control or direction over 1% or more of the outstanding Common Shares will receive a "collateral benefit" (as defined in MI 61-101) as a consequence of the Acquisition.

(dd) Corrupt Practices Legislation. The Company has not taken or committed to take any action which would cause the Company or affiliates to be in violation of the United States *Foreign Corrupt Practices Act*, the *Corruption of Foreign Public Officials Act* (Canada) or any applicable Law of similar effect, to the extent to which they may be applicable to the Company or affiliates, and, to the knowledge of the Company, no such action has been taken by any person acting on behalf of the Company or affiliates.

(ee) Financial Advisers or Brokers. Except for the agreement between the Company and Charles Vista, LLC dated December 14, 2012, the Company has not incurred any obligation or liability, contingent or otherwise, or agreed to pay or reimburse any broker, finder, financial adviser or investment banker, for any brokerage, finder's, advisory or other fee or commission, or for the reimbursement of expenses, in connection with this Agreement, the transactions contemplated hereby or any alternative transaction in relation to the Company.

(ff) Board of Directors Approval. The Board of Directors, at a meeting duly called and held, has unanimously determined that this Agreement and the Acquisition are fair to the Securityholders and are in the best interests of the Company and has unanimously approved the execution and delivery of this Agreement and the transactions contemplated by this Agreement.

(gg) Full Disclosure. The Company Disclosure Letter discloses all material facts related to the Company, its respective business, financial condition, assets, liabilities and operations, in each case to the extent required to be disclosed pursuant to applicable Canadian Securities Laws, and no representation or warranty of the Company contained in this Agreement or in the Company Disclosure Letter or in any certificate furnished to the Purchaser pursuant to any provision of this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements herein or therein not misleading in light of the circumstances in which they were made.

5.2 Representations and Warranties of the Shareholders

Each Shareholder represents and warrants to and in favour of the Company, the Parent and the Purchaser as follows and acknowledges that the Company, the Parent and the Purchaser are each relying upon such representations and warranties in entering into this Agreement:

(a) the Shareholder is the registered owner of the Common Shares being transferred by such Shareholder to the Purchaser pursuant to this Agreement and has good title to such shares;

(b) such Common Shares are free and clear of all hypothecs, liens, charges, encumbrances, mortgages, security interests and adverse claims;

(c) the Shareholder has full power and authority to deposit, sell, assign, transfer and deliver such Common Shares and, when the consideration to which such Shareholder is entitled under the Acquisition is received, the Purchaser will acquire good title to such Common Shares free and clear of any hypothecs, liens, charges, encumbrances, mortgages and security interests and none of the Company, the Parent or the Purchaser or any successors thereto will be subject to any adverse claim in respect of such Common Shares, and the Shareholder hereby irrevocably nominates, constitutes and appoints the President and Chief Executive Officer of the Company, from time to time, with full power of substitution, as agent and true

and lawful attorney to act for and on behalf of the Shareholder with full power and authority in the name, place and stead of the Shareholder to, among other things, execute (under seal or otherwise), swear to, acknowledge, deliver and record or file as and where required any instrument or document as may be deemed necessary by the Company to carry out fully the provisions of this Agreement in accordance with its terms and conditions;

(d) such Common Shares have not been sold, assigned or transferred nor has any agreement been entered into by the Shareholder to sell, assign or transfer any such Common Shares to any person other than the Purchaser;

(e) the Shareholder will execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the exchange of certificate(s) representing Common Shares for share consideration the Shareholder is entitled to receive;

(f) the Shareholder acknowledges that all authority conferred or agreed to be conferred by the Shareholder herein may be exercised during any subsequent legal incapacity of the Shareholder and shall survive the death, incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the undersigned herein shall be binding upon any heirs, personal representatives, successors and assigns of the Shareholder;

(g) the Shareholder will not transfer or permit to be transferred any of the Common Shares being transferred by such Shareholder to the Purchaser pursuant to this Agreement;

(h) the Shareholder has full right, power and authority to execute and deliver this Agreement and to take all actions required pursuant hereto and, if the Shareholder is a corporation, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Agreement on behalf of the Shareholder;

(i) the entering into of this Agreement and the transactions completed hereby will not result in the violation of any of the terms and provisions of any law applicable to, or, if applicable, to the constating documents of, the Shareholder;

(j) this Agreement has been duly executed and delivered by the Shareholder and, if the Shareholder is not an individual, has been duly authorized by the Shareholder, and will constitute a legal, valid and binding agreement of the Shareholder enforceable against the Shareholder in accordance with its terms, subject to the qualification that enforcement thereof is subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally;

(k) if the Shareholder is a resident of the United States, such Shareholder is an accredited investor as defined under Rule 501 under the 1933 Securities Act;

(l) the Shareholder has received the PPM, which has been delivered concurrently with this Agreement; and

(m) if an individual, the Shareholder has attained the age of majority and is legally competent to execute this Agreement and to take all actions required pursuant thereto.

The covenants, representations and warranties of the Shareholder herein contained shall survive the completion of the Acquisition.

The power of attorney granted herein is irrevocable, is a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Shareholder, shall survive the completion of the Acquisition and will be exercisable during any subsequent legal incapacity of the Shareholder, and extends to and is binding upon the heirs, executors, administrators and other legal representatives, and the successors and assigns of the Shareholder and may be exercised by the Company for and on behalf of the Shareholder in executing any instrument with a single signature as attorney.

5.3 <u>Representations and Warranties of the Optionholders</u>

Each Optionholder represents and warrants to and in favour of the Company, the Parent and the Purchaser as follows and acknowledges that the Company, the Parent and the Purchaser are each relying upon such representations and warranties in entering into this Agreement:

(a) the Optionholder is the holder of the Options registered in such Optionholder's name that are being amended pursuant to this Agreement and has good title to such Options;

(b) such Options are free and clear of all hypothecs, liens, charges, encumbrances, mortgages, security interests and adverse claims;

(c) such Options have not been sold, assigned or transferred nor has any agreement been entered into to sell, assign or transfer any such Options, to any person;

(d) the Optionholder will execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the amendment of certificate(s) representing such Options, and the Optionholder hereby irrevocably nominates, constitutes and appoints the President and Chief Executive Officer of the Company, from time to time, with full power of substitution, as agent and true and lawful attorney to act for and on behalf of the Optionholder with full power and authority in the name, place and stead of the Optionholder to, among other things, execute (under seal or otherwise), swear to, acknowledge, deliver and record or file as and where required any instrument or document as may be deemed necessary by the Company to carry out fully the provisions of this Agreement in accordance with its terms and conditions;

(e) the Optionholder acknowledges that all authority conferred or agreed to be conferred by the Optionholder herein may be exercised during any subsequent legal incapacity of the Optionholder and shall survive the death, incapacity, bankruptcy or insolvency of the Optionholder and all obligations of the Optionholder herein shall be binding upon any heirs, personal representatives, successors and assigns of the Optionholder;

(f) the Optionholder has full right, power and authority to execute and deliver this Agreement and to take all actions required pursuant hereto and, if the Optionholder is a corporation, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Agreement on behalf of the Optionholder;

(g) the entering into of this Agreement and the transactions completed hereby will not result in the violation of any of the terms and provisions of any law applicable to, or, if applicable, to the constating documents of, the Optionholder;

(h) this Agreement has been duly executed and delivered by the Optionholder and, if the Optionholder is not an individual, has been duly authorized by the Optionholder and will constitute a legal, valid and binding agreement of the Optionholder enforceable against the Optionholder in accordance with its terms, subject to the qualification that enforcement thereof is subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally;

(i) the Optionholder acknowledges that they have received the PPM, which has been delivered concurrently with this Agreement; and

(j) if an individual, the Optionholder has attained the age of majority and is legally competent to execute this Agreement and to take all actions required pursuant thereto.

The covenants, representations and warranties of the Optionholder herein contained shall survive the completion of the Acquisition.

The power of attorney granted herein is irrevocable, is a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Optionholder, shall survive the completion of the Acquisition and will be exercisable during any subsequent legal incapacity of the Optionholder, and extends to and is binding upon the heirs, executors, administrators and other legal representatives, and the successors and assigns of the Optionholder and may be exercised by the Company for and on behalf of the Optionholder in executing any instrument with a single signature as attorney.

5.4 Representations and Warranties of the Warrantholders

Each Warrantholder represents and warrants to and in favour of the Company, the Parent and the Purchaser as follows and acknowledges that the Company, the Parent and the Purchaser are each relying upon such representations and warranties in entering into this Agreement:

(a) the Warrantholder is the holder of the Warrants registered in the such Warrantholder's name that are being amended pursuant to this Agreement and has good title to such Warrants;

(b) such Warrants are free and clear of all hypothecs, liens, charges, encumbrances, mortgages, security interests and adverse claims;

(c) such Warrants have not been sold, assigned or transferred nor has any agreement been entered into to sell, assign or transfer any such Warrants, to any person;

(d) the Warrantholder will execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the amendment of certificate(s) representing such Warrants, and the Warrantholder hereby irrevocably nominates, constitutes and appoints the President and Chief Executive Officer of the Company, from time to time, with full power of substitution, as agent and true and lawful attorney to act for and on behalf of the Warrantholder with full power and authority in the name, place and stead of the Warrantholder to, among other things, execute (under seal or otherwise), swear to, acknowledge, deliver and record or file as and where required any instrument or document as may be deemed necessary by the Company to carry out fully the provisions of this Agreement in accordance with its terms and conditions;

(e) the Warrantholder acknowledges that all authority conferred or agreed to be conferred by the Warrantholder herein may be exercised during any subsequent legal incapacity of the Warrantholder and shall survive the death, incapacity, bankruptcy or insolvency of the Warrantholder and all obligations of the Warrantholder herein shall be binding upon any heirs, personal representatives, successors and assigns of the Warrantholder;

(f) the Warrantholder has full right, power and authority to execute and deliver this Agreement and to take all actions required pursuant hereto and, if the Warrantholder is a corporation, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Agreement on behalf of the Warrantholder;

(g) the entering into of this Agreement and the transactions completed hereby will not result in the violation of any of the terms and provisions of any law applicable to, or, if applicable, to the constating documents of, the Warrantholder;

(h) this Agreement has been duly executed and delivered by the Warrantholder and, if the Warrantholder is not an individual, has been duly authorized by the Warrantholder and will constitute a legal, valid and binding agreement of the Warrantholder enforceable against the Warrantholder in accordance with its terms, subject to the qualification that enforcement thereof is subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally;

(i) the Warrantholder acknowledges that they have received the PPM, which has been delivered concurrently with this Agreement; and

(j) if an individual, the Warrantholder has attained the age of majority and is legally competent to execute this Agreement and to take all actions required pursuant thereto.

The covenants, representations and warranties of the Warrantholder herein contained shall survive the completion of the Acquisition.

The power of attorney granted herein is irrevocable, is a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Warrantholder, shall survive the completion of the Acquisition and will be exercisable during any subsequent legal incapacity of the Warrantholder, and extends to and is binding upon the heirs, executors, administrators and other legal representatives, and the successors and assigns of the Warrantholder and may be exercised by the Company for and on behalf of the Warrantholder in executing any instrument with a single signature as attorney.

5.5 Representations and Warranties of the Broker Warrantholders

Each Broker Warrantholder represents and warrants to and in favour of the Company, the Parent and the Purchaser as follows and acknowledges that the Company, the Parent and the Purchaser are each relying upon such representations and warranties in entering into this Agreement:

(a) the Broker Warrantholder is the holder of the Broker Warrants registered in the name of such Broker Warrantholder that are being amended pursuant to this Agreement and has good title to such Broker Warrants;

(b) such Broker Warrants are free and clear of all hypothecs, liens, charges, encumbrances, mortgages, security interests and adverse claims;

(c) such Broker Warrants have not been sold, assigned or transferred nor has any agreement been entered into to sell, assign or transfer any such Broker Warrants, to any person;

(d) the Broker Warrantholder will execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the amendment of certificate(s) representing such Broker Warrants, and the Broker Warrantholder hereby irrevocably nominates, constitutes and appoints the President and Chief Executive Officer of the Company, from time to time, with full power of substitution, as agent and true and lawful attorney to act for and on behalf of the Broker Warrantholder with full power and authority in the name, place and stead of the Broker Warrantholder to, among other things, execute (under seal or otherwise), swear to, acknowledge, deliver and record or file as and where required any instrument or document as may be deemed necessary by the Company to carry out fully the provisions of this Agreement in accordance with its terms and conditions;

(e) the Broker Warrantholder acknowledges that all authority conferred or agreed to be conferred by the Broker Warrantholder herein may be exercised during any subsequent legal incapacity of the Broker Warrantholder and shall survive the death, incapacity, bankruptcy or insolvency of the Broker Warrantholder and all obligations of the Broker Warrantholder herein shall be binding upon any heirs, personal representatives, successors and assigns of the Broker Warrantholder;

(f) the Broker Warrantholder has full right, power and authority to execute and deliver this Agreement and to take all actions required pursuant hereto and, if the Broker Warrantholder is a corporation, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Agreement on behalf of the Broker Warrantholder;

(g) the entering into of this Agreement and the transactions completed hereby will not result in the violation of any of the terms

and provisions of any law applicable to, or, if applicable, to the constating documents of, the Broker Warrantholder;

(h) this Agreement has been duly executed and delivered by the Broker Warrantholder and, if the Broker Warrantholder is not an individual, has been duly authorized by the Broker Warrantholder and will constitute a legal, valid and binding agreement of the Broker Warrantholder enforceable against the Broker Warrantholder in accordance with its terms, subject to the qualification that enforcement thereof is subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally;

(i) the Broker Warrantholder acknowledges that they have received the PPM, which has been delivered concurrently with this Agreement; and

(j) if an individual, the Broker Warrantholder has attained the age of majority and is legally competent to execute this Agreement and to take all actions required pursuant thereto.

The covenants, representations and warranties of the Broker Warrantholder herein contained shall survive the completion of the Acquisition.

The power of attorney granted herein is irrevocable, is a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Broker Warrantholder, shall survive the completion of the Acquisition and will be exercisable during any subsequent legal incapacity of the Broker Warrantholder, and extends to and is binding upon the heirs, executors, administrators and other legal representatives, and the successors and assigns of the Broker Warrantholder and may be exercised by the Company for and on behalf of the Broker Warrantholder in executing any instrument with a single signature as attorney.

5.6 Representations and Warranties of the Purchaser, Callco and the Parent

Except as specifically disclosed in the PPM, or the Parent Public Disclosure Record (other than any disclosure contained under the captions "Risk Factors" or "Forward Looking Statements" or similar captions and any other disclosure contained therein that is predictive, cautionary or forward-looking in nature), each of the Purchaser, Callco and the Parent represents and warrants to and in favour of the Company as follows and acknowledges that the Company is relying upon such representations and warranties in entering into this Agreement:

(a) Organization and Corporate Capacity. The Parent has been duly organized and is validly existing and in good standing under the Laws of the State of Nevada. The Parent has the power and authority to own its property and to conduct its business as described in the Parent Public Disclosure Record and is duly qualified to transact business and is in good standing (to the extent such concept is recognized) in each jurisdiction in which the conduct of its business as currently conducted or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect on the Parent. Each of Callco and the Purchaser has been duly organized and is validly existing and in good standing under the Laws of Canada. The Parent owns, directly or indirectly, all of the issued and outstanding shares of each of Callco and the Purchaser.

(b) Authority Relative to this Agreement. Each of the Parent, Callco and the Purchaser has the requisite corporate or limited liability company power, authority and capacity to enter into and perform its obligations under this Agreement and to complete the transactions contemplated hereby. The execution and delivery of this Agreement and the completion by the Parent, Callco and the Purchaser of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or limited liability company action of the Parent, Callco and the Purchaser and no other corporate proceedings on the part of the Parent, Callco or the Purchaser, as the case may be, are necessary to authorize the execution and delivery by it of this Agreement or the completion by the Parent, Callco and the Purchaser of the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of the Parent, Callco and the Purchaser and constitutes the legal, valid and binding obligation of the Parent, Callco and the Purchaser enforceable against each of them in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and general principles of equity and public policy and to the qualification that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction.

(c) Required Approvals. No authorization, licence, Permit, certificate, registration, consent or approval of, or filing with, or notification to, any Governmental Authority is necessary for the execution and delivery by the Parent, Callco or the Purchaser of this Agreement, the performance by either of them of its obligations hereunder and the completion by either of them of the Acquisition, other than:

(i) the Required Regulatory Approvals relating to the Purchaser, Callco and the Parent; and

(ii) any other authorizations, licences, Permits, certificates, registrations, consents, approvals and filings and notifications with respect to which the failure to obtain or make the same would not reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition.

(d) No Violation. Subject to obtaining the authorizations, consents and approvals and making the filings referred to in Section 5.6(c) and complying with applicable Laws, the execution and delivery by each of the Parent, Callco and the Purchaser of this Agreement, the performance by each of them of its respective obligations hereunder does not and will not (nor will they with the giving of notice or the lapse of time or both) (i) result in a contravention, breach, violation or default under any Law applicable to it, (ii) result in a contravention, conflict, violation, breach or default under its constating documents or (iii) result in a contravention, breach or default under or termination of, or acceleration or permit the acceleration of the performance required by, any material agreement, contract, covenant, undertaking, commitment, instrument, licence, permit or authorization to which it is a party or by which it is bound, except, in the case of each of clauses (i) and (iii) above, as would not reasonably be expected to have a Material Adverse Effect on the Parent.

(e) Capitalization of the Parent. As of the date of this Agreement, the authorized capital of the Parent consists of 200,000,000 shares of common stock, of which 13,369,500 shares are issued and outstanding (of which 10,119,493 shares will be returned to the Parent immediately following the closing of the Acquisition), and 5,000,000 shares of preferred stock, par value US$0.001 per share, of which one share has been designated Special Voting Preferred Stock and no shares of preferred stock are issued and outstanding, and warrants to purchase 13,369,500 shares of common stock (issued pursuant to the Warrant Dividend) are issued and outstanding (of which 10,119,493 warrants will be returned to the Parent immediately following the Closing). All of the issued and outstanding shares of common stock of the Parent (i) have been duly authorized and validly issued and are fully paid and nonassessable, (ii) have not been issued in violation of the articles, charter, by-laws or other constating documents of the Parent, or any agreement, contract, covenant, undertaking, or commitment to which the Parent is a party or bound, and (iii) have been issued and sold in compliance with U.S. Securities Laws in all material respects. As of the Effective Date (immediately following the closing of the Acquisition, not including any securities issuable pursuant to this Agreement, the PPM or the Valent Agreement Amendment), the outstanding capital of the Parent will consist of 3,250,007 shares of common stock and warrants to purchase 3,250,007 shares of common stock issued pursuant to the Warrant Dividend. As of the date of this Agreement, except as contemplated by the PPM and except for the Warrant Dividend, there are no outstanding agreements, subscriptions, warrants, options, rights or commitments (nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option, right or commitment) obligating the Parent to issue or sell any shares of common stock or other securities of the Parent, including any security or obligation of any kind convertible into or exchangeable or exercisable for any shares of common stock or other security of the Parent. The issuance of the Consideration Shares pursuant to the Acquisition will not obligate the Parent, Callco or the Purchaser to issue

shares of common stock or other securities of the Parent, Callco or the Purchaser to any person except as contemplated in this Agreement will not result in a right of any holder of securities of the Parent, Callco or the Purchaser to adjust the exercise, conversion, exchange or reset of price under any of such securities..

(f) Material Subsidiaries. As of the date of this Agreement, the only material subsidiaries of the Parent are: (i) Callco and (ii) the Purchaser (collectively, the "**Parent Material Subsidiaries**"). All of the issued and outstanding shares of capital stock of each Parent Material Subsidiary held by the Parent have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Parent, free and clear of all Liens except those Liens imposed by applicable securities Laws and those Liens imposed by the transaction documents pursuant to which the Parent Material Subsidiaries were acquired or formed, as applicable. Each Parent Material Subsidiary has been duly organized, is validly existing and in good standing (to the extent such concept is recognized) under the Laws of the jurisdiction of its organization, has the power and authority to own its property and to conduct its business as described in the Parent Public Disclosure Record and is duly qualified to transact business and is in good standing (to the extent such concept is recognized) in each jurisdiction in which the conduct of its business as currently conducted or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect on the Parent.

(g) Consideration Shares. The Consideration Shares to be issued pursuant to the Acquisition (i) have been duly authorized, and, upon issuance, will be validly issued, fully paid and nonassessable and (ii) will not be issued in violation of the articles, charter, by-laws or other constating documents of the Parent or the Purchaser, as the case may be, or any agreement, contract, covenant, undertaking, or commitment to which the Parent or the Purchaser is a party or bound. The Parent Shares trade on the OTCBB.

(h) Parent Public Disclosure Record and Listing Compliance.

(i) The Parent has filed or furnished, as applicable, all forms, filings, registrations, submissions, statements, certifications, reports and documents required to be filed or furnished by it with the U.S. Securities and Exchange Commission (the "**SEC**") under the 1934 Exchange Act. As of their respective dates, the documents and information comprising the Parent Public Disclosure Record complied in all material respects with the requirements of the 1933 Securities Act and the 1934 Exchange Act and the rules and regulations of the SEC promulgated thereunder, as applicable, and none of such documents or information, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(ii) The Parent is in compliance in all material respects with the requirements of the OTCBB for continued trading of its shares of common stock thereon. The Parent has not taken any action designed to terminate, or likely to have the effect of terminating, the registration of its shares of common stock under the 1934 Exchange Act or the trading of such shares on the OTCBB.

(i) Parent Financial Statements. Except as set forth in the Parent Public Disclosure Record, the Parent Financial Statements were prepared in accordance with U.S. GAAP applied on a basis consistent with those of previous periods and in accordance with applicable Laws, except that interim financial statements are subject to normal period-end adjustments and may omit notes which are not required by applicable U.S. Securities Laws or U.S. GAAP. Except as set forth in the Parent Public Disclosure Record, the Parent Financial Statements present fairly, in all material respects, the assets, liabilities and financial condition of the Parent and its consolidated subsidiaries on a consolidated basis as at the respective dates thereof and the revenues, earnings, results of operations, changes in shareholders' equity and cash flows of the Parent and its consolidated subsidiaries on a consolidated basis for the periods covered thereby (subject, in the case of the interim financial statements, to normal period-end adjustments).

(j) Internal Controls. Each of the Parent and the Parent Material Subsidiaries (from and after the date of their acquisition by the Purchaser) maintains a system of internal accounting controls sufficient to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements by the Parent in conformity with U.S. GAAP and to maintain asset accountability. Except as set forth in the Parent Public Disclosure Record, (A) the Parent is not aware of any material weakness in the Parent's internal control over financial reporting (whether or not remediated) and (B) no change in the Parent's internal control over financial reporting has occurred that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Parent's internal control over financial reporting. The Parent is not subject to any significant deficiencies or material weaknesses with applicable provisions of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated thereunder.

(k) No Undisclosed Liabilities. As of the Effective Date, except as contemplated by the PPM, the Parent and the Parent Material Subsidiaries shall have no liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise).

(l) Absence of Certain Changes. Since June 30, 2012:

(i) each of the Parent and the Parent Material Subsidiaries has conducted its business only in the ordinary course consistent with past practice;

(ii) there has not been any event, occurrence, development or state of circumstances or facts that has had or could reasonably be expected to have a Material Adverse Effect on the Parent;

(iii) there has not been any material write-down by the Parent or any of the Parent Material Subsidiaries of any of the assets of the Parent or any of the Parent Material Subsidiaries;

(iv) there has not been any incurrence, assumption or guarantee by the Parent or any of the Parent Material Subsidiaries of any indebtedness for borrowed money, any creation or assumption by the Parent or any of the Parent Material Subsidiaries of any Lien (other than a Permitted Lien), or any making by the Parent or any of the Parent Material Subsidiaries of any loan, advance or capital contribution to or investment in any other person, except in each case, in the ordinary course of business;

(v) the Parent has not effected any material change in its accounting policies, principles, methods, practices or procedures;

(vi) the Parent has not effected or passed any resolution to approve a split, division, consolidation, combination or reclassification of any of its shares of common stock other than the Forward Split and the filing of a certificate of designations to designate voting preferred stock; and

(vii) neither the Parent nor any of the Parent Material Subsidiaries has agreed, announced, resolved or committed to do any of the foregoing.

(m) Compliance with Laws. The business of the Parent and each of the Parent Material Subsidiaries has been and is currently being conducted in compliance with all applicable Laws, except where any failure of compliance would not, and could not reasonably be expected to, result in a Material Adverse Effect on the Parent.

(n) Litigation. As of the date of this Agreement, there is no Proceeding against or involving the Parent or any of the Parent Material Subsidiaries (whether in progress or, to the knowledge of the Parent, threatened) that, if adversely determined, would or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Parent or prevent or significantly impede or materially delay the completion of the Acquisition and, to the knowledge of the Parent, no event has occurred which might reasonably be expected to give rise to any such Proceeding. Neither the Parent nor any of the Parent Material Subsidiaries nor any of their respective properties or assets is subject to any outstanding judgment, order, writ,

injunction, rule, award or decree of any Governmental Authority that involves or may involve, or restricts or may restrict, the right or ability of the Parent or any of the Parent Material Subsidiaries to conduct its business in all material respects as it has been conducted prior to the date hereof or that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Parent or could reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition.

(o) Insolvency. No Proceeding is pending by or against the Parent or any of the Parent Material Subsidiaries, or, to the knowledge of the Parent, is planned or threatened, in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of the Parent or any of the Parent Material Subsidiaries or for the appointment of a trustee, receiver, manager or other administrator of the Parent or any of the Parent Material Subsidiaries or any of their respective properties or assets nor, to the knowledge of the Parent, is any such act or Proceeding threatened. Neither the Parent nor any of the Parent Material Subsidiaries has sought protection under the *United States Bankruptcy Code* or similar legislation.

(p) Taxes. Each of the Parent and the Parent Material Subsidiaries has duly filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are true, complete and correct in all material respects. The Parent and each of the Parent Material Subsidiaries has paid or has collected, withheld and remitted to the appropriate Governmental Authority on a timely basis all assessments and reassessments and all other Taxes due and payable by it, other than those which are being or have been contested in good faith pursuant to applicable Laws and in respect of which adequate reserves or accruals in accordance with U.S. GAAP have been provided. Except as would not result in a Material Adverse Effect on the Parent, no audit, action, investigation, deficiency, litigation, proposed adjustment or other Proceeding exists or has been asserted or, to the knowledge of the Parent, threatened with respect to Taxes of the Parent or any of the Parent Material Subsidiaries. The Purchaser is a "taxable Canadian corporation" and not a "mutual fund corporation", each within the meaning of the Tax Act.

(q) Environmental Laws. The business of the Parent and each of the Parent Material Subsidiaries has been and is currently being conducted in compliance with all applicable Environmental Laws, except where any failure of compliance would not, and could not reasonably be expected to, result in a Material Adverse Effect on the Parent.

(r) Non-Arm's Length Transactions. Except for employment, indemnification or other compensation agreements entered into in the ordinary course of business or as disclosed in the Parent Public Disclosure Record, there are no current contracts, commitments, agreements, arrangements or other transactions between the Parent or any of the Parent Material Subsidiaries, on the one hand, and any (A) officer or director of the Parent or any of the Parent Material Subsidiaries, (B) any holder of record or, to the knowledge of the Parent, beneficial owner of or 5% or more of the outstanding share of the Parent's common stock or (C) any affiliate or associate of any such officer, director or shareholder, on the other hand.

(s) Corrupt Practices Legislation. Neither the Parent nor any of the Parent Material Subsidiaries (in each case, only from and after the date of acquisition or formation of such Parent Material Subsidiary) has taken or committed to take any action which would cause the Parent or any of the Parent Material Subsidiaries to be in violation of the United States *Foreign Corrupt Practices Act* or any applicable Law of similar effect, to the extent to which they may be applicable to the Parent or any of the Parent Material Subsidiaries or affiliates, and, to the knowledge of the Parent, no such action has been taken by any person acting on behalf of the Parent or any of the Parent Material Subsidiaries.

(t) Investment Canada. The Parent is not a Canadian within the meaning of the Investment Canada Act.

(u) Full Disclosure. The Parent Public Disclosure Record discloses all material facts related to the Parent, the Parent Material Subsidiaries, their respective businesses, financial conditions, assets, liabilities and operations, in each case to the extent required to be so disclosed pursuant to applicable U.S. Securities Laws, and no representation or warranty of the Parent or the Purchaser contained in this Agreement, or in any certificate furnished to the Company pursuant to any provision of this Agreement, taken together and with the Parent Disclosure Letter and the Parent Public Disclosure Record, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements herein or therein not misleading in light of the circumstances in which they were made.

(v) Contracts. Except as disclosed in Section 5.6(v) of the Parent Disclosure Letter or as contemplated by the PPM, there are no Contracts that are material to the business, properties, assets, condition (financial or otherwise), results of operations or prospects of the Parent and its subsidiaries taken as a whole. The Parent is not in violation of or in default under (nor does there exist any condition which upon the passage of time or the giving of notice would cause such a violation of or default under) any Contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.7 Survival of Representations and Warranties

No investigation by or on behalf of any Party will mitigate, diminish or affect the representations and warranties made by the other Parties. Except for the representations and warranties contained in this Article 5, no Party nor any other persons on behalf of a Party makes any express or implied representation or warranty with respect to such Party or with respect to any other information provided or otherwise made available to any other Party in connection with the transactions contemplated hereby. The representations and warranties of the Parties contained in this Agreement will not survive the completion of the Acquisition and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 5.7 will not limit any covenant or agreement of any of the Parties, which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

ARTICLE 6
COVENANTS REGARDING THE CONDUCT OF BUSINESS

6.1 Covenants of the Company

The Company covenants and agrees that, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless the Purchaser otherwise consents in writing (to the extent that such consent is permitted by applicable Law), which consent will not be unreasonably withheld, conditioned or delayed, or as is otherwise disclosed in Section 6.1 of the Company Disclosure Letter or expressly permitted or specifically contemplated by this Agreement or as is otherwise required by applicable Law:

(a) the respective business of the Company will be conducted only, their respective facilities will be maintained, and the Company will continue to operate its respective business only in, the ordinary course of business in an effort to preserve the value thereof;

(b) the Company will comply with the terms of all Material Contracts and the Company will use commercially reasonable efforts to maintain and preserve intact its business organization, assets, properties, rights, goodwill and business relationships and keep available the services of its officers and employees as a group;

(c) the Company will not, directly or indirectly:

(i) alter or amend its articles or other constating documents;

(ii) declare, set aside or pay any dividend on or make any distribution or payment or return of capital in respect of the Common Shares;

(iii) split, divide, consolidate, combine or reclassify the Common Shares or any other securities;

(iv) except as disclosed in the Company Financial Statements, issue, grant, sell or pledge or authorize or agree to issue, grant, sell or pledge any Common Shares or other securities of the Company (including, for greater certainty, Options, or any equity-based awards), or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Common Shares or other securities of the Company, other than the issuance of Common Shares issuable pursuant to the exercise of Options outstanding on the date hereof;

(v) except as disclosed in the Company Financial Statements, redeem, purchase or otherwise acquire any of its outstanding Common Shares or other securities or securities convertible into or exchangeable or exercisable for Common Shares or any such other securities unless otherwise required by the terms of such securities;

(vi) amend the terms of any securities of the Company;

(vii) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Company;

(viii) reorganize, amalgamate or merge with any other person;

(ix) make any material changes to any of its accounting policies, principles, methods, practices or procedures (including by adopting any material new accounting policies, principles, methods, practices or procedures), except as required by applicable Laws or under Canadian GAAP;

(x) make any material change to its general practices and policies relating to the payment of accounts payable or the collection of accounts receivable; or

(xi) enter into, modify or terminate any Contract with respect to any of the foregoing;

(d) the Company will promptly notify the Purchaser in writing of any "material change" (as defined in the Securities Act) in relation to the Company, and the Company will promptly notify the Purchaser in writing of any circumstance or development that, to the knowledge of the Company, has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company;

(e) the Company will not, directly or indirectly:

(i) except for sales in the ordinary course of business, sell, pledge, lease, licence, dispose of or encumber any assets or properties of the Company having a value greater than $10,000 in the aggregate;

(ii) (A) acquire (by merger, amalgamation, consolidation, arrangement or acquisition of shares or other equity securities or interests or assets or otherwise) any corporation, partnership, association or other business organization or division thereof or any property or asset, or make any investment by the purchase of securities, contribution of capital, property transfer, or purchase of any property or assets of any other person or (B) enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement with respect to such a transaction;

(iii) incur any indebtedness (including the making of any payments in respect thereof, including any premiums or penalties thereon or fees in respect thereof) or issue any debt securities, or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loans or advances in excess of $10,000 in the aggregate to any other persons, except to employees pursuant to policies to reimburse expenses in advance or pursuant to or in respect of existing credit facilities or debt instruments or the maintenance or extension thereof (or the agreements, indentures or guarantees governing or relating to such facilities or instruments, or the maintenance or extension thereof), or the refinancing, renewal or replacement of existing indebtedness on substantially market terms and without increasing the principal amount thereof;

(iv) enter into any material currency, commodity, interest rate or equity related hedge, derivative, swap or other financial risk management Contract, other than in the ordinary course of business;

(v) pay, discharge or satisfy any material claim, liability or obligation prior to the same being due, other than the payment, discharge or satisfaction of liabilities reflected or reserved against in the Financial Statements, or voluntarily waive, release, assign, settle or compromise any Proceeding, where such payment, discharge, satisfaction, waiver, release, assignment, settlement or compromise exceeds $5,000 individually or $10,000 in the aggregate or would entail any non-monetary damages;

(vi) settle or compromise any action, claim or other Proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Acquisition;

(vii) enter into any material new line of business, enterprise or other activity that is inconsistent with the existing businesses of the Company in the manner such existing businesses generally have been carried on;

(viii) expend or commit to expend any amounts with respect to capital expenses, where such expenditure or commitment exceeds $10,000 individually or $15,000 in the aggregate, except to the extent reserved for in the Company Financial Statements; or

(ix) authorize any of the foregoing, or enter into or modify any Contract to do any of the foregoing;

(f) the Company will not, directly or indirectly:

(i) terminate, fail to renew, cancel, waive, release, grant or transfer any rights of material value or modify or change in any material respect any existing Material Contract except in the ordinary course of business, or as required by its terms;

(ii) enter into any lease or sublease of real property (whether as a lessor, sublessor, lessee or sublessee), or modify, amend or exercise any right to renew any lease or sublease of real property or acquire any interest in real property that would exceed $10,000 per year; or

(iii) enter into any Contract containing any restriction on the ability of the Company to assign all or any material portion of its rights, interests or obligations thereunder, unless such restriction expressly permits the assignment of such rights, interests or obligations (or portion thereto) to the Purchaser or any of its affiliates in connection with or following the completion of the Acquisition or the other transactions contemplated by this Agreement;

(g) without the consent of the Parent, which consent will not be unreasonably withheld or delayed, the Company will not, except pursuant to any existing Contracts or employment, pension, supplemental pension, termination or compensation arrangements or policies or plans in effect on the date hereof, and except as is necessary to comply with applicable Laws and as required to comply with Section 7.6:

(i) grant to any senior management employee, officer or director of the Company an increase in compensation in any form other than in the ordinary course;

(ii) grant any general salary increase or pay any bonus or other material compensation to the employees of the Company other than the payment of any of the foregoing (or increases thereof) consistent with historical practices;

(iii) take any action with respect to the grant or increase of any severance, change of control, retirement, retention or termination pay not in accordance with existing policies;

(iv) enter into any employment agreement, deferred compensation or other similar agreement with any senior management employee, officer or director of the Company;

(v) terminate the employment of the Company's senior management employees other than for cause;

(vi) increase any benefits payable under its current severance or termination pay policies;

(vii) adopt or amend or make any contribution to or any award under any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors or senior officers or former directors or senior officers of the Company; or

(viii) take any action to accelerate the time of payment of any compensation or benefits, amend or waive any performance or vesting criteria or accelerate vesting under the Stock Option Plan;

(h) other than as set out in **Section 5.1(e)** of the Company Disclosure Letter, the Company will not grant to any officer or director of the Company any equity based awards pursuant to the Stock Option Plan or otherwise;

(i) the Company will not make any loan to any officer or director of the Company, except for the advance of expenses consistent with historical practice;

(j) the Company will use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by the Company, including directors' and officers' insurance, not to be cancelled or terminated and to prevent any of the coverage thereunder from lapsing, unless at the time of such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage comparable to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided, however, that, except as contemplated by Section 7.8(b), the Company will not obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months;

(k) the Company will promptly provide written notice to the Purchaser of the resignation or dismissal of any of its senior management employees;

(l) the Company will use its commercially reasonable efforts to maintain and preserve all of its rights under each of its material Permits;

(m) the Company will:

(i) duly file all Returns required to be filed by it on or after the date hereof and all such Returns will be true, complete and correct;

(ii) timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable, unless such Taxes are disputed in good faith and the Company has taken adequate reserves therefor in accordance with Canadian GAAP;

(iii) not change in any respect any of its methods of reporting income or deductions or accounting for income tax purposes from those employed in the preparation of their most recently filed Returns and financial statements except as may be required by applicable Laws;

(iv) not make, change, revoke or rescind any material election relating to Taxes or make any material amendment with respect to any Return;

(v) not surrender any right to claim a Tax refund, offset or other reduction in Tax liability;

(vi) not consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment or reassessment;

(vii) not settle, compromise or agree to the entry of judgment with respect to any action, claim or other Proceeding relating to Taxes; and

(viii) not enter into any tax sharing, tax allocation or tax indemnification agreement;

(n) the Company will not commence any litigation for damages in excess of $10,000 or provide for the grant of injunctive relief or other non-monetary remedy (other than litigation in connection with the collection of accounts receivable or to enforce the terms of this Agreement);

(o) the Company will not enter into or renew any Contract containing:

(i) any limitation or restriction on the ability of the Company or, following completion of the transactions contemplated hereby, the ability of the Purchaser or any of its affiliates, to engage in any type of activity or business;

(ii) any limitation or restriction on the manner in which, or the localities in which, all or any portion of the business of the Company or, following consummation of the transactions contemplated hereby, all or any portion of the business of the Purchaser or any of its affiliates, is or would be conducted; or

(iii) any limit or restriction on the ability of the Company or, following completion of the transactions contemplated hereby, the ability of the Purchaser or any of its affiliates, to solicit customers or employees; and

(p) the Company will not take any action that would (i) reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition or (ii) render, or reasonably be expected to render, any representation or warranty made by the Company in this Agreement untrue or inaccurate in any material respect (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein).

Subject to the obligations of the Company herein, neither the Parent nor the Purchaser shall have the right to control, directly or indirectly, the operations or the business of the Company at any time prior to the Effective Time.

6.2 Covenants of the Parent

The Parent covenants and agrees that, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless the Company otherwise consents in writing (to the extent that such consent is permitted by applicable Law), which consent will not be unreasonably withheld, conditioned or delayed, or as is otherwise disclosed in Section 6.2 of the Parent Disclosure Letter or contemplated by the PPM (including, without limitation, in connection with the return of shares of capital stock and warrants to the Parent for cancellation such that the outstanding capital of the Parent as of the Effective Date (immediately following the closing of the Acquisition) will be as set forth in Section 5.6(e), or as is otherwise expressly permitted or specifically contemplated by this Agreement or as is otherwise required by applicable Law:

(a) the respective businesses of the Parent and the Parent Material Subsidiaries will be conducted only, their respective facilities will be maintained, and the Parent and Parent Material Subsidiaries will continue to operate their respective businesses only in, the ordinary course of business in an effort to preserve the value thereof;

(b) the Parent will use commercially reasonable efforts to maintain and preserve intact its and the Parent Material Subsidiaries' respective business organizations, assets, properties, rights, goodwill and business relationships and keep available the services of its and its subsidiaries' respective officers and employees as a group;

(c) the Parent will not, and will not permit any of the Parent Material Subsidiaries to, directly or indirectly:

(i) alter or amend its articles, charter, by-laws or other constating documents in a manner adverse to the Shareholders;

(ii) declare, set aside or pay any dividend, or make any distribution or payment or return of capital in respect of any of its securities other than in the ordinary course of business and consistent with past practice except, in the case of any of the Parent's wholly-owned subsidiaries, for dividends payable to the Parent;

(iii) split, divide, consolidate, combine or reclassify the Parent Shares;

(iv) amend the terms of the Parent Shares or any other securities of the Parent except, in each case, as would not have an adverse effect on the Parent Shares or the holders thereof;

(v) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Parent or any of its subsidiaries;

(vi) reorganize, amalgamate or merge with any other person (other than any of the Parent's direct or indirect wholly-owned subsidiaries);

(vii) make any material changes to any of its accounting policies, principles, methods, practices or procedures (including by adopting any material new accounting policies, principles, methods, practices or procedures), except as disclosed in the Parent Public Disclosure Record, as required by applicable Laws or under U.S. GAAP;

(viii) make any material change to its general practices and policies relating to the payment of accounts payable or the collection of accounts receivable; or

(ix) enter into, modify or terminate any agreement, contract, covenant, undertaking, or commitment with respect to any of the foregoing;

(d) the Parent will promptly notify the Company in writing of any circumstance or development that, to the knowledge of the Parent, has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Parent;

(e) the Parent will not, and will not permit any of the Parent Material Subsidiaries to, take any action that would (i) reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition or (ii) render, or reasonably be expected to render, any representation or warranty made by the Purchaser, Callco or the Parent in this Agreement untrue or inaccurate in any material respect (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein); and

(f) the Parent will pay or cause to be satisfied all Transaction Expenses prior to the Effective Date.

ARTICLE 7
ADDITIONAL COVENANTS

7.1 Access to Information

(a) Subject to compliance with applicable Laws and the terms of any existing Contracts, each of the Company and the Parent will, and will cause its respective subsidiaries to, afford to the other and its Representatives, until the earlier of the Effective Time or the termination of this Agreement in accordance with its terms, and reasonable access, during normal business hours and upon reasonable notice, to its respective businesses, properties, books and records and such other data and information as the other may reasonably request, as well as to their respective management personnel, subject, however, to such access not interfering with the ordinary conduct of its businesses. Subject to compliance with applicable Laws and such requests not materially interfering with the ordinary conduct of the business of the Company, the Company will also make available to the Purchaser and its Representatives all information reasonably requested by the Purchaser for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of the Company and the Purchaser and its affiliates following completion of the Acquisition.

(b) Other than as may be required in respect of information requested by Governmental Authorities in connection with obtaining the Required Regulatory Approvals, nothing in this Section 7.1 or in any other provision of this Agreement will require the Company or the Parent, or its respective subsidiaries, to disclose information if such disclosure would violate a written confidentiality agreement with a third party or customer specific or competitively sensitive information ("**Confidential Data**"). For greater certainty, until the Effective Time, access to and exchange of Confidential Data as between the Parties will be limited to what is reasonably necessary for the purposes of securing all necessary regulatory approvals, the preparation and settlement of definitive documents and the advancement of the Acquisition and will be limited such that the dissemination of Confidential Data will be confined to the Representatives of the Parties and their counsel who have a need to know such information for such purposes and who agree to respect such confidentiality in their dealings with Confidential Data. For the purpose of this Section 7.1(b), counsel to the Purchaser shall include counsel to the Parent.

7.2 Covenants of the Company Regarding the Acquisition

Subject to the terms and conditions of this Agreement, the Company will perform all obligations required to be performed by the Company under this Agreement, cooperate with the Purchaser and the Parent in connection therewith, and use commercially reasonable efforts to do such other acts and things as may be necessary or desirable in order to complete the Acquisition and the other transactions contemplated hereby, including:

(a) if required by the Parent, publicly announcing the entering into of this Agreement, the support of the Board of Directors of the Acquisition;

(b) cooperating with the Purchaser and the Parent in connection with, and using its commercially reasonable efforts to assist the Purchaser and the Parent in, obtaining all Required Regulatory Approvals relating to the Purchaser or the Parent or relating to the Company or any of its subsidiaries which are customarily applied for by a purchaser in transactions of this nature; provided that the Company and/or its subsidiaries will not be required to make any applications of the Purchaser or the Parent under applicable Law, but will rather provide assistance with any such applications made by, on behalf of, or jointly with the Purchaser or the Parent;

(c) using its commercially reasonable efforts to obtain all necessary waivers, consents and approvals required to be obtained by the Company from other parties to any Contracts in order to complete the Acquisition, including, without limitation, the Required Regulatory Approvals; provided, however, that, notwithstanding anything to the contrary in this Agreement, in connection with obtaining any waiver, consent or approval from any person (other than a Governmental Authority) with respect to any transaction contemplated by this Agreement, the Company will not be required to pay or commit to pay to such person whose waiver, consent or approval is being solicited any cash or other consideration, make any commitment or incur any liability or other obligation other than such fees or expenses contemplated by the terms of such Contract unless requested by the Purchaser;

(d) using its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Authorities from the Company relating to the Acquisition;

(e) applying for and using its commercially reasonable efforts to obtain all Required Regulatory Approvals relating to the Company which are customarily applied for by an offeree and, in doing so, keeping the Purchaser reasonably informed as to the status of the proceedings related to obtaining such Required Regulatory Approvals, including providing the Purchaser with copies of all related applications and notifications (other than, subject to Section 7.1(b), Confidential Data contained in such applications and notifications), in draft form, in order for the Purchaser to provide its reasonable comments thereon, and copies of all notices and correspondence received by the Purchaser from any Governmental Authority with respect thereto;

(f) promptly advising the Purchaser of any requests by a Governmental Authority for any substantive meeting or discussion (whether in person, by telephone or otherwise) in respect of any filing, investigation or inquiry concerning the Acquisition and providing the Purchaser the opportunity to attend or have its Representatives attend and participate thereat (except to the extent that in any such case the Governmental Authority expressly requests that the Purchaser and its Representatives should not be present at the meeting or discussion or part or parts of the meeting or discussion);

(g) not extending or consenting to any extension of any waiting period under applicable Laws or entering into any agreement with any Governmental Authority to not complete the Acquisition, except with the consent of the Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed);

(h) defending all lawsuits or other legal, regulatory or other Proceedings against the Company challenging or affecting this Agreement or the completion of the Acquisition.

7.3 Covenants of the Purchaser, Callco and the Parent Regarding the Acquisition

Subject to the terms and conditions of this Agreement, each of the Purchaser, Callco and the Parent will perform all obligations required to be performed by it under this Agreement, cooperate with the Company in connection therewith, and use commercially reasonable efforts to do such other acts and things as may be necessary or desirable in order to complete the Acquisition and the other transactions contemplated hereby, including:

(a) cooperating with the Company in connection with, and using its commercially reasonable efforts to assist the Company in, obtaining the waivers, consents and approvals referred to in Section 7.2(c); provided, however, that, notwithstanding anything to the contrary in this Agreement, in connection with obtaining any waiver, consent or approval from any person (other than a Governmental Authority) with respect to any transaction contemplated by this Agreement, neither the Purchaser, Callco nor the Parent, nor any of their respective subsidiaries, will be required to pay or commit to pay to such person whose waiver, consent or approval is being solicited any cash or other consideration, make any commitment or incur any liability or other obligation;

(b) using its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Authorities from the Purchaser, Callco or the Parent relating to the Acquisition;

(c) applying for and using its commercially reasonable efforts to obtain all Required Regulatory Approvals relating to the Purchaser, Callco or the Parent or relating to the Company which are customarily applied for by an offeror and, in doing so, keeping the Company reasonably informed as to the status of the proceedings related to obtaining such Required Regulatory Approvals, including providing the Company with copies of all related applications and notifications in draft form (other than,

subject to Section 7.1(b), Confidential Data contained in such applications and notifications), in draft form, in order for the Company to provide its reasonable comments thereon;

(d) promptly advising the Company of any requests by a Governmental Authority for any substantive meeting or discussion (whether in person, by telephone or otherwise) in respect of any filing, investigation or inquiry concerning the Acquisition and providing the Company the opportunity to attend or have its Representatives attend and participate thereat (except to the extent that in any such case the Governmental Authority expressly requests that the Company and its Representatives should not be present at the meeting or discussion or part or parts of the meeting or discussion);

(e) not extending or consenting to any extension of any waiting period under applicable Laws, except with the consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed);

(f) defending all lawsuits or other legal, regulatory or other Proceedings against or relating to the Purchaser, Callco or the Parent challenging or affecting this Agreement or the completion of the Acquisition;

(g) forthwith carrying out the terms of this Agreement to the extent applicable to it and taking all necessary actions to give effect to the transactions contemplated herein, including providing the Company with sufficient Consideration Shares to pay the aggregate share consideration payable to the Shareholders; and

(h) paying or causing to be paid all Transaction Expenses prior to the Effective Date.

7.4 Additional Covenants with Respect to Exchangeable Share Structure

(a) Each of the Purchaser and the Parent will use their commercially reasonable efforts to:

(i) cause the Parent Shares to be issued from time to time upon exchange of the Exchangeable Shares in accordance with their terms to be quoted and posted for trading on the OTCBB; and

(ii) ensure that the Purchaser is, at the Effective Time and for so long as there are any Exchangeable Shares issued and outstanding (other than Exchangeable Shares held by the Parent or any of its affiliates), a "taxable Canadian corporation" and not a "mutual fund corporation," each within the meaning of the Tax Act.

(b) The Purchaser acknowledges and agrees that it shall execute joint elections under subsection 85(1) or 85(2) of the Tax Act (and in each case, where applicable, the analogous provisions of provincial income tax Laws) with respect to the transfer of Eligible Shares to the Purchaser pursuant to Section 2.2(a)(i) with Shareholders who are Eligible Holders who are entitled to receive Exchangeable Shares under the Acquisition, in each case subject to and in accordance with Section 2.3 of this Agreement.

(c) Each Party represents and warrants that it understands that the shares of the Parent issued in connection with this Agreement will be "restricted securities" under the 1933 Securities Act, and that the shares of the Parent issued in connection with the Acquisition and this Agreement may not be resold without registration under the Securities Act or an exemption therefrom.

(d) Each Party represents and warrants that it understands that the shares of the Parent issued in connection with the Acquisition and this Agreement will bear a legend that is similar to the following:

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT SECURED BY SUCH SECURITIES,

and any legend required by the "blue sky" laws of any state to the extent such laws are applicable to the securities represented by the certificate so legended.

7.5 Mutual Covenants

Each of the Parties covenants and agrees that, subject to the terms and conditions of this Agreement, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

(a) it will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 10 to the extent the same is within its control and to take, or cause to be taken, all other commercially reasonable actions and to do, or cause to be done, all other things necessary and commercially reasonable to permit the completion of the Acquisition in accordance with its obligations under this Agreement, and applicable Laws and cooperate with the other Parties in connection therewith, including using its commercially reasonable efforts to (i) obtain all Required Regulatory Approvals required to be obtained by it, (ii) effect or cause to be effected all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Acquisition, (iii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Acquisition and (iv) cooperate with the other Parties in connection with the performance by it of its obligations hereunder;

(b) it will use commercially reasonable efforts not to take or cause to be taken any action which is inconsistent with this Agreement or which would reasonably be expected to prevent or significantly impede or materially delay the completion of the Acquisition;

(c) it will give prompt notice to the others of: (i) the occurrence or failure to occur of any event, which occurrence or failure would cause or may cause any representation or warranty on its part contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the earlier of the Effective Date and the termination of this Agreement; and (ii) any failure of such Party, or any officer, director, employee or agent thereof, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; and

(d) it will use commercially reasonable efforts to execute and do all acts, further deeds, things and assurances as may be required in the reasonable opinion of the other Parties' legal counsel to permit the completion of the Acquisition.

7.6 Employment Agreements; Options; Board

(a) The Purchaser agrees that the Company and any successor to the Company (including any Surviving Corporation) shall continue to honour and comply with the terms of all existing employment, change of control and severance agreements of the Company (as the same may be amended or modified as permitted hereunder and thereunder), complete and correct copies of all of which agreements have been provided to the Purchaser.

(b) The Purchaser acknowledges that, pursuant to the provisions of the Stock Option Plan, the Company may facilitate as necessary the acceleration of vesting of any unvested Options as may be necessary or desirable to allow the Optionholders to exercise their Options for the purpose of participating in the Acquisition as Shareholders.

(c) The parties agree that as soon as practicable following the Effective Date, subject to the Parent meeting its information obligations under the 1934 Exchange Act, the board of directors of the Parent shall consist of up to six directors which shall be designated by the president of the Company.

7.7 Indemnification by Shareholders, Optionholders, Warrantholders and Broker Warrantholders

(a) Each Shareholder agrees to indemnify the Company, the Parent, the Purchaser and Callco, and their respective directors, officers, employees, agents and representatives against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance upon the representations, warranties and covenants of such Shareholder herein. Each Shareholder undertakes to notify the Company immediately of any change in any representation, warranty or other information relating to such Shareholder set forth herein which takes place prior to the Effective Date.

(b) Each Optionholder agrees to indemnify the Company, the Parent, the Purchaser and Callco, and their respective directors, officers, employees, agents and representatives against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance upon the representations, warranties and covenants of such Optionholder herein. Each Optionholder undertakes to notify the Company immediately of any change in any representation, warranty or other information relating to such Optionholder set forth herein which takes place prior to the Effective Date.

(c) Each Warrantholder agrees to indemnify the Company, the Parent, the Purchaser and Callco, and their respective directors, officers, employees, agents and representatives against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance upon the representations, warranties and covenants of such Warrantholder herein. Each Warrantholder undertakes to notify the Company immediately of any change in any representation, warranty or other information relating to such Warrantholder set forth herein which takes place prior to the Effective Date.

(d) Each Broker Warrantholder agrees to indemnify the Company, the Parent, the Purchaser and Callco, and their respective directors, officers, employees, agents and representatives against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance upon the representations, warranties and covenants of such Broker Warrantholder herein. Each Broker Warrantholder undertakes to notify the Company immediately of any change in any representation, warranty or other information relating to such Broker Warrantholder set forth herein which takes place prior to the Effective Date.

7.8 Indemnification and Insurance

(a) The Company and the Purchaser agree that all rights to indemnification or exculpation now existing in favour of the present and former directors and officers of the Company (each such present or former director or officer of the Company being herein referred to as an "**Indemnified Party**" and such persons collectively being referred to as the "**Indemnified Parties**") as provided in the constating documents of the Company or any Contract by which the Company is bound and which is in effect as of the date hereof, will survive the completion of the Acquisition and continue in full force and effect and without modification, with respect to actions or omissions of the Indemnified Parties occurring prior to the Effective Time, for the period contemplated therein.

(b) If requested by the Company, the Purchaser will, or will cause the Company to, maintain in effect without any reduction in scope or coverage for seven (7) years from the Effective Date customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by the Company which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date; provided, however, that the Purchaser acknowledges and agrees that prior to the Effective Time, notwithstanding any other provision hereof, the Company may, at its option, purchase prepaid non-cancellable run-off directors' and officers' liability insurance on terms substantially similar to the directors' and officers' liability policies currently maintained by the Company, but providing coverage for a period of seven (7) years from the Effective Date with respect to claims arising from or related to facts or events which occurred on or prior to the Effective Date.

(c) The provisions of this Section 7.7 are and are intended to be for the benefit of, and will be enforceable by, each Indemnified Party, his or her heirs, executors, administrators and other legal representatives and such rights will be held by the Company, and any successor to the Company (including any Surviving Corporation), in trust for such persons and the Company hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of each Indemnified Party, his or her heirs, executors, administrators and other legal representatives; provided, however, that no approval of any beneficiary of such trust will be required in connection with an amendment or variation of this Section 7.7 prior to the Effective Time.

(d) If the Company or any of its respective successors or assigns (i) consolidates with or merges into any other person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any person, the Purchaser shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of the Company) assumes all of the obligations set forth in this Section 7.7.

ARTICLE 8
ACQUISITION PROPOSALS

8.1 Non-Solicitation

(a) Except as expressly contemplated by this Agreement or to the extent that the Purchaser has otherwise consented to in writing, until the earlier of the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 9.1, neither the Board of Directors nor the Company shall, and the Company shall cause its Representatives to not, directly or indirectly through any other person:

(i) initiate, solicit, knowingly facilitate or knowingly encourage (including by way of furnishing or affording access to information), or take any other action that knowingly promotes or facilitates, directly or indirectly, any inquiries or the making of any proposal or offer with respect to an Acquisition Proposal or potential Acquisition Proposal;

(ii) participate or engage in any discussions or negotiations regarding, or provide any information with respect to, or otherwise co-operate in any way with, or assist or participate in, encourage or otherwise facilitate, any effort or attempt by any other person (other than the Purchaser and its affiliates) to make or complete an Acquisition Proposal;

(iii) withdraw, modify, change or qualify, or publicly propose to withdraw, modify, change or qualify, in a manner adverse to the Purchaser or the Parent, the approval of the Board of Directors of the transactions contemplated hereby;

(iv) approve, recommend or remain neutral with respect to, or publicly propose to approve, recommend or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal until the fifth Business Day after such Acquisition Proposal has been publicly announced shall not constitute a violation of this Section 8.1(a)(iv)); or

(v) accept or enter into, or publicly propose to accept or enter into, any letter of intent, memorandum of understanding, agreement in principle, agreement, arrangement or undertaking related to an Acquisition Proposal (an "**Acquisition Agreement**").

(b) The Company shall, and shall cause its Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with or involving any person (other than the Purchaser and its affiliates) conducted heretofore by the Company, or any of its Representatives, with respect to any Acquisition Proposal or which could reasonably be expected to lead to an Acquisition Proposal and, in connection therewith, the Company will immediately discontinue access to any person (other than the Purchaser and its affiliates) to any data room (virtual or otherwise). The Company agrees not to release any third party from any standstill agreement to which it is a party unless such party has made an Acquisition Proposal that the Board of Directors, after consultation with its financial advisors and outside legal counsel, has determined in good faith would be reasonably likely to result in a Superior Proposal.

(c) The Company shall promptly (and, in any event, within 72 hours of receipt by the Company) notify the Purchaser, at first orally and then in writing, of any proposal, inquiry, offer or request relating to or constituting an Acquisition Proposal, or which could reasonably be expected to lead to an Acquisition Proposal, in each case, received after the date hereof, of which any of its Representatives is or becomes aware, or any request received by the Company or any of its Representatives for non-public information relating to the Company in connection with an Acquisition Proposal or for access to the properties, books and records or a list of securityholders of the Company in connection with an Acquisition Proposal. Such notice shall include a description of the material terms and conditions of such Acquisition Proposal or proposal, inquiry, offer or request. At the Purchaser's reasonable request, the Company will keep the Purchaser promptly and fully informed of the status, including any change to the material terms and conditions, of any such Acquisition Proposal, proposal, inquiry, offer or request.

(d) Notwithstanding Section 8.1(a) or any other provision of this Agreement to the contrary, following receipt by the Company of any proposal, inquiry, offer or request (or any amendment thereto) that is not an Acquisition Proposal but which the Company reasonably believes could lead to an Acquisition Proposal, the Company may respond to the proponent to advise it that, in accordance with this Agreement, the Company can only enter into discussions or negotiations with a party in accordance with Section 8.2.

8.2 Right to Match

(a) Notwithstanding Section 8.1(a) or any other provision of this Agreement to the contrary, if after the date hereof the Company, or any of its Representatives, receives a written Acquisition Proposal (including, for greater certainty, an amendment, change or modification to an Acquisition Proposal made prior to the date hereof) that was not solicited after the date hereof in contravention of Section 8.1, the Company and its Representatives may:

(i) contact the person making such Acquisition Proposal and its Representatives solely for the purpose of clarifying the terms and conditions of such Acquisition Proposal and the likelihood of its consummation so as to determine whether such Acquisition Proposal is, or could reasonably be expect to lead to, a Superior Proposal; and

(ii) if the Board of Directors determines in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal is, or could reasonably be expected to lead to, a Superior Proposal and that the failure to take the relevant action would conflict with its fiduciary duties:

A. furnish information with respect to the Company to the person making such Acquisition Proposal and its Representatives provided that (1) the Company first enters into a confidentiality agreement with such person that is no less favourable to the Company than the Non-Disclosure Agreement, and sends a copy of such agreement to the Purchaser promptly following its execution, and (2) the Company promptly provides to the Purchaser any material non-public information concerning the Company that is provided to such person which was not previously provided to the Purchaser, the Parent or their respective Representatives; and

B. engage in discussions and negotiations with respect to the Acquisition Proposal with the person making such Acquisition Proposal and its Representatives.

(b) Section 8.1(a) or any other provision of this Agreement to the contrary notwithstanding, the Company may, at any time after the date of this Agreement, terminate this Agreement and accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (with the exception of a confidentiality agreement described in Section 8.2(a), the execution of which shall not be subject to the conditions of this Section 8.2(b)) if and only if:

(i) such Acquisition Proposal did not result from a breach of Section 8.1 and the Company has complied with the other terms of this Section 8.2;

(ii) the Board of Directors has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal constitutes or could reasonably be expected to constitute a Superior Proposal and that the failure to take the relevant action would conflict with its fiduciary duties;

(iii) the Company has (A) given written notice to the Purchaser of the determination of the Board of Directors that such Acquisition Proposal constitutes a Superior Proposal and that the Board of Directors intends to withdraw, modify, qualify or change in a manner adverse to the Purchaser or the Parent its approval or recommendation of the Acquisition (the "**Superior Proposal Notice**") and (B) provided the Purchaser with a copy of the document containing such Acquisition Proposal (together, if applicable, with a summary of the value that the Board of Directors has, after consultation with its financial advisors and outside legal counsel, determined should be ascribed to any non-cash consideration included in such Acquisition Proposal);

(iv) a period of least five full Business Days (such five Business Day Period, the "**Right to Match Period**") shall have elapsed from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received a copy of the documents referred to in clause (B) of Section 8.2(b)(iii), it being understood that the Right to Match Period shall expire at 12:00 p.m. (Toronto time) at the end of the fifth full Business Day following such later date;

(v) if the Purchaser and the Parent have offered to amend the terms of this Agreement during the Right to Match Period pursuant to Section 8.2(c), the Board of Directors has determined, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to be a Superior Proposal when assessed against this Agreement as they are proposed to be amended as at the termination of the Right to Match Period; and

(vi) the Company terminates this Agreement pursuant to Section 9.1(d)(i).

(c) During the Right to Match Period, the Purchaser and the Parent will have the opportunity, but not the obligation, to offer to amend the terms of this Agreement. The Company agrees that, if requested by the Purchaser, it will negotiate with the Purchaser and the Parent in good faith to make such amendments to the terms of this Agreement as would enable it to proceed with the transactions contemplated hereby on such amended terms. The Board of Directors will review in good faith any such offer made by the Purchaser and the Parent to amend the terms of this Agreement in order to determine, as part of exercising its fiduciary duties, and in consultation with its financial advisors and outside legal counsel, whether such offer to amend the terms of this Agreement would, upon its acceptance, result in the applicable Acquisition Proposal ceasing to be a Superior Proposal when assessed against this Agreement as it is proposed to be amended as at the termination of the Right to Match Period. If the Board of Directors determines that the applicable Acquisition Proposal would cease to be a Superior Proposal when assessed against this Agreement and the Acquisition as they are proposed to be amended as at the termination of the Right to Match Period, the Company will forthwith so advise the Purchaser and will promptly thereafter accept the offer by the Purchaser and the Parent to amend the terms of this Agreement and the Parties agree to take such actions and execute such documents as are necessary to give effect to the foregoing.

(d) If requested by the Purchaser, the Board of Directors shall reaffirm its recommendation in favour of the Acquisition by news release promptly after (A) any Acquisition Proposal that the Board of Directors determines not to be a Superior Proposal is publicly announced or made or (B) the Board of Directors determines that an Acquisition Proposal which previously constituted a Superior Proposal would cease to be a Superior Proposal when assessed against this Agreement as they are proposed to be amended as at the termination of the Right to Match Period. The Purchaser shall be given a reasonable opportunity to review and comment on the form and content of any such news release. Such news release shall state that the Board of Directors has determined that the applicable Acquisition Proposal is not a Superior Proposal.

(e) Each successive material amendment, change or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Shareholders or other material terms and conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 8.2 and shall result in the commencement of a new Right to Match Period from the date specified in Section 8.2(b)(vi) with respect to such new Acquisition Proposal.

(f) The Company shall ensure that each of its Representatives is aware of the provisions of Section 8.1 and this Section 8.2 and the Company shall be responsible for any breach of Section 8.1 or this Section 8.2 by such persons.

(g) Nothing contained in this Agreement shall prohibit the Board of Directors from making a change in recommendation or from making any disclosure to any Securityholders of the Company prior to the Effective Time, including for greater certainty disclosure of a change in recommendation, if, in the good faith judgment of the Board of Directors, after consultation with outside legal counsel, failure to take such action or make such disclosure would conflict with the Board of Director's exercise of its fiduciary duties or such action or disclosure is otherwise required under Law (including without limitation by responding to an Acquisition Proposal under a directors' circular or otherwise as required under applicable Law).

ARTICLE 9
TERMINATION

9.1 Termination

(a) Termination By Mutual Consent. This Agreement may be terminated at any time prior to the Effective Time by mutual written consent of the Company and the Purchaser.

(b) Termination by either the Company or the Purchaser. This Agreement may be terminated by either the Company or the Purchaser at any time prior to the Effective Time:

(i) if the Effective Time does not occur on or before the Outside Date, except that the right to terminate this Agreement under this Section 9.1(b)(i) shall not be available to a Party if the failure of that Party or its affiliate to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been a principal cause of, or resulted in, the failure of the Effective Time to occur by such date;

(ii) if any Law makes the completion of the Acquisition or the transactions contemplated by this Agreement illegal or otherwise prohibited, and such Law has become final and non-appealable.

(c) Termination by the Purchaser. This Agreement may be terminated by the Purchaser at any time prior to the Effective Time if:

(i) (A) the Board of Directors accepts, approves, endorses or recommends any Acquisition Proposal, (B) the Company enters into an Acquisition Agreement in respect of any Acquisition Proposal (with the exception of a confidentiality and standstill agreement described in Section 8.2(a)) or (C) the Company or the Board of Directors publicly proposes or announces its intention to do any of the foregoing (each of the foregoing, a "**Change of Recommendation**");

(ii) the Company breaches Section 8.1(a); or

(iii) subject to compliance with Section 9.3, the Company breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would cause any of the conditions set forth in Section 10.1 or Section 10.3 not to be satisfied, provided, however, that the Purchaser is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 10.1 or Section 10.2 not to be satisfied; or

(d) Termination by the Company. This Agreement may be terminated by the Company at any time prior to the Effective Time:

(i) subject to the Company complying with the terms of Article 8 and provided that the Board of Directors has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal constitutes a Superior Proposal, if the Board of Directors approves, and authorizes the Company to enter into, an Acquisition Agreement with respect to an Acquisition Proposal; or

(ii) subject to compliance with Section 9.3, if the Purchaser or the Parent breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would cause any of the conditions set forth in Section 10.1 or Section 10.2 not to be satisfied, provided, however, that the Company is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 10.1 or Section 10.3 not to be satisfied.

9.2 Void upon Termination

If this Agreement is terminated in accordance with Section 9.1, this Agreement shall become void and of no force and effect and no Party will have any liability or further obligation to the other Party hereunder, except that the provisions of this Section 9.2, Section 7.1 and Article 11 (other than Section 11.7, Section 11.10 and Section 11.11) shall survive any termination hereof in accordance with Section 9.1, provided, however, that neither the termination of this Agreement nor anything contained in this Section 9.2 will relieve any Party from any liability for any intentional or wilful breach by it of this Agreement, including any intentional or wilful making of a misrepresentation in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Non-Disclosure Agreement shall survive any termination hereof in accordance with Section 9.1.

9.3 Notice and Cure Provisions

If either the Company, on the one hand, or the Purchaser or the Parent, on the other hand, determines at any time prior to the Effective Time that it intends to refuse to complete the transactions contemplated hereby because of any unfilled or unperformed condition contained in this Agreement, such Party will so notify the other Party forthwith upon making such determination in order that the other Party will have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Outside Date. Neither the Company, on the one hand, nor the Purchaser or the Parent, on the other hand, may elect not to complete the transactions contemplated hereby pursuant to the conditions precedent contained in Article 10 or exercise any termination right arising therefrom unless forthwith, and in any event prior to the Effective Time, the Party intending to rely thereon has given a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party giving such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent or the exercise of the termination right, as the case may be. If any such notice is given, provided that the other Party is proceeding diligently to cure such matter, if such matter is susceptible to being cured, the Party giving such notice may not terminate this Agreement as a result thereof until the earlier of the Outside Date and the expiration of a period of 15 Business Days from such notice.

ARTICLE 10
CONDITIONS PRECEDENT

10.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the Acquisition are subject to the satisfaction, or mutual waiver by the Purchaser, Callco and the Company, on or before the Effective Date, of each of the following conditions, each of which are for the mutual benefit of the Parties and which may be waived, in whole or in part, by the Purchaser, Callco and the Company at any time:

(a) the Required Regulatory Approvals will have been obtained or concluded or, in the case of waiting or suspensory periods, expired or been terminated;

(b) no Law will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no Proceeding will otherwise have been taken under any Laws or by any Governmental Authority (whether temporary, preliminary or permanent) that makes the Acquisition illegal or otherwise directly or indirectly cease trades, enjoins, restrains or otherwise prohibits completion of the Acquisition as contemplated herein; and

(c) this Agreement will not have been terminated in accordance with its terms.

10.2 Additional Conditions Precedent to the Obligations of the Company

The obligation of the Company to complete the Acquisition will be subject to the satisfaction, or waiver by the Company, on or before the Effective Date, of each of the following conditions, each of which is for the exclusive benefit of the Company and which may be waived by the Company at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that the Company may have:

(a) each of the Purchaser, Callco and the Parent will have complied in all material respects with its obligations, covenants and agreements in this Agreement to be performed and complied with on or before the Effective Date;

(b) the representations and warranties of the Purchaser, Callco and the Parent in Section 5.6 will be true and correct (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein) as of the Effective Date as if made on and as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case such representations and warranties will have been true and correct as of that date) and except (i) as affected by transactions, changes, conditions, events or circumstances contemplated or permitted by this Agreement or (ii) for breaches of representations and warranties which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Parent;

(c) there will not have occurred prior to the date hereof a Material Adverse Effect on the Parent that has not been publicly disclosed or disclosed to the Company in writing by the Purchaser prior to the date hereof and, between the date hereof and the Effective Time, there will not have occurred a Material Adverse Effect on the Parent or any event, occurrence, circumstance or development that would reasonably be expected to have a Material Adverse Effect on the Parent;

(d) the Company will have received a certificate of the Parent signed by a senior officer of the Parent for and on behalf of the Parent and without personal liability and dated the Effective Date certifying that the conditions set out in Section 10.2(a), Section 10.2(b) and Section 10.2(c) have been satisfied, which certificate will cease to have any force and effect after the Effective Time;

(e) the Company will have received certified copies of resolutions duly passed by the board of directors of the Parent (acting for itself and on behalf of the Purchaser) approving this Agreement and the completion of the transactions contemplated hereby; and

(f) the Support Agreement and Voting and Exchange Trust Agreement shall have each been executed and delivered by each of the parties thereto.

10.3 Additional Conditions Precedent to the Obligations of the Purchaser, Callco and the Parent

The obligation of the Purchaser, Callco and the Parent to complete the Acquisition will be subject to the satisfaction, or waiver by the Purchaser, on or before the Effective Date, of each of the following conditions, each of which is for the exclusive benefit of the Purchaser , Callco and the Parent and which may be waived by the Purchaser at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that the Purchaser, Callco and the Parent may have:

(a) the Company will have complied in all material respects with its obligations, covenants and agreements in this Agreement to be performed and complied with on or before the Effective Date;

(b) the representations and warranties of the Company in Section 5.1 will be true and correct (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein) as of the Effective Date as if made on and as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case such representations and warranties will have been true and correct as of that date) except (i) as affected by transactions, changes, conditions, events or circumstances contemplated or permitted by this Agreement or (ii) for breaches of representations and warranties which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company;

(c) there will not have occurred prior to the date hereof a Material Adverse Effect on the Company that has not been publicly disclosed or disclosed to the Purchaser in writing by the Company prior to the date hereof and, between the date hereof and the Effective Time, there will not have occurred a Material Adverse Effect on the Company or any event, occurrence, circumstance or development that would reasonably be expected to have a Material Adverse Effect on the Company;

(d) the Purchaser will have received a certificate of the Company signed by a senior officer of the Company for and on behalf of the Company and without personal liability and dated the Effective Date certifying that the conditions set out in Section 10.3(a), Section 10.3(b), and Section 10.3(c) have been satisfied, which certificate will cease to have any force and effect after the Effective Time;

(e) the Purchaser will have received certified copies of resolutions duly passed by the Board of Directors approving this Agreement and the completion of the transactions contemplated hereby;

(f) Company shall have obtained all waivers, consents, permits, approvals, releases, licences or authorizations required to be obtained from any lender or other third party in connection with or in order for the Company to complete the Acquisition, except for waivers, consents, permits, approvals, releases, licences or authorizations the failure of which to obtain would not have a Material Adverse Effect on the Company;

(g) there shall not be pending or threatened in writing any Proceeding involving any Governmental Authority that is reasonably likely to result in any:

(i) prohibition or restriction on the acquisition by the Purchaser or the Parent of any Common Shares or the completion of the Acquisition or any person obtaining from any of the Parties any material damages directly in connection with the Acquisition;

(ii) prohibition or material limit on the ownership by the Purchaser or the Parent of the Company or any material portion of their respective businesses; or

(iii) imposition of limitations on the ability of the Purchaser or the Parent to acquire or hold, or exercise full rights of ownership of, any Common Shares, including the right to vote such Common Shares; and

(h) executed mutual releases in a form acceptable to the Purchaser and the Company, acting reasonably, will have been received by the Purchaser on or prior to the Effective Date from (i) each director and officer of the Company who will cease to act as a director or officer of such entity as of the Effective Date and (ii) any other person who will receive a severance, change of control or termination payment at or before the Effective Time.

ARTICLE 11
GENERAL

11.1 Independent Legal Advice

The Securityholder acknowledges and agrees that McCarthy Tétrault LLP has acted as Canadian counsel only to the Company, that Sichenzia Ross Friedman Ference LLP has acted as U.S. counsel only to the Company, and that Synergy Law Group, L.L.C. has acted as counsel only to the Parent and the Parent Material Subsidiaries, and that McCarthy Tétrault LLP, Sichenzia Ross Friedman Ference LLP and Synergy Law Group, L.L.C., as the case may be, are not protecting the rights and interests of the Securityholder.

The Securityholder acknowledges and agrees that the Company, the Parent and the Parent Material Subsidiaries, and McCarthy Tétrault LLP, Sichenzia Ross Friedman Ference LLP and Synergy Law Group, L.L.C., as the case may be, have given the Securityholder the opportunity to seek, and have recommended that the Securityholder obtain, independent legal advice with respect to the subject matter of this Agreement and, further, the Securityholder hereby represents and warrants to the Company, the Parent and the Parent Material Subsidiaries and McCarthy Tétrault LLP, Sichenzia Ross Friedman Ference LLP and Synergy Law Group, L.L.C., as the case may be, that the Securityholder has sought independent legal advice or waives such advice.

11.2 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery or by electronic means of communication addressed to the recipient as follows:

(i) if to the Purchaser, Callco or the Parent as follows:

DelMar Pharmaceuticals, Inc.

36 Mclean Street

Red Bank, NJ 07701

USA

Attention: Lisa Guise

Facsimile No.: 732-865-4252

E-mail: Soar222@yahoo.com

with a copy (which will not constitute notice) to:

Synergy Law Group, L.L.C.

730 W. Randolph Street, 6th Floor

Chicago, IL 60661

USA

Attention: Carol S. McMahan

Facsimile No.: 312-454-0261

E-mail: cmcmahan@synergylawgroup.com

(ii) if to the Company and the Securityholders:

Del Mar Pharmaceuticals (BC) Ltd.

Suite 720

999 West Broadway

Vancouver, BC V5Z 1K5

Canada

Attention: Jeffrey A. Bacha

Facsimile No.:604-608-5685

E-mail: jbacha@delmarpharma.com

with a copy (which will not constitute notice) to:

Sichenzia Ross Friedman Ference LLP

61 Broadway, 32nd Floor

New York, NY 10006

USA

Attention: Gregory Sichenzia

Facsimile No.: 212-930-9725

E-mail: gsichenzia@srff.com

and to:

McCarthy Tétrault LLP

P.O. Box 10424, Pacific Centre

Suite 1300, 777 Dunsmuir Street

Vancouver, BC V7Y 1K2

Canada

Attention: David Frost

Facsimile No.: 604-622-5650

E-mail: dfrost@mccarthy.ca

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either Party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day.

11.3 Expenses

Except as otherwise specified herein and except in respect of any fees associated with any filings made pursuant to applicable anti-trust Laws, which fees shall be split evenly between the Purchaser and the Company, each Party will pay its respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred, and will indemnify and save harmless the others from and against any claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions hereunder.

11.4 No Assignment

Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Parties.

11.5 Benefit of Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors (including any successor by reason of amalgamation or statutory arrangement) and permitted assigns of the Parties.

11.6 Time of Essence

Time is of the essence of this Agreement.

11.7 Public Announcements

No Party shall issue any press release or otherwise make any written public statement with respect to this Agreement without the consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed). The Company shall not make any filing with any Governmental Authority with respect to the Acquisition or the transactions contemplated hereby without prior consultation with the Purchaser, and the Purchaser shall not make any filing with any Governmental Authority with respect to the Acquisition or the transactions contemplated hereby without prior consultation with the Company, provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws, and the Party making the disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity for the other Party to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give notice immediately following the making of any such disclosure or filing, and provided further, however, that, except as otherwise required pursuant to this Agreement, the Company shall have no obligation to obtain the consent of or consult with the Purchaser prior to any press release, public statement, disclosure or filing by the Company with regard to an Acquisition Proposal or a Change of Recommendation.

11.8 Governing Law; Attornment; Service of Process; Waiver of Jury Trial

(a) This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement.

(a) Each Party hereby agrees that any service of process, summons, notice or document by registered mail addressed to such person at its address set forth in Section 11.1 shall be effective service of process for any suit, action or proceeding relating to any dispute arising out of this Agreement or the transactions contemplated by this Agreement.

(b) Each Party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or other proceeding arising out of this Agreement or the transactions contemplated by this Agreement.

11.9 Entire Agreement

This Agreement constitutes, together with the Non-Disclosure Agreement, the entire agreement between the Parties with respect to the subject matter thereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties with respect thereto except as expressly set forth in this Agreement and the Non-Disclosure Agreement.

11.10 Third Party Beneficiaries

Except for (i) the rights of the Shareholders to receive the consideration payable to them following the Effective Time, this Agreement is not intended to confer any rights or remedies upon any other person, provided, however, that Section 7.6 is intended for the benefit of the employees of the Company that are or will be party to the agreements referred to in Section 7.6(a), Section 7.7 is intended for the benefit of the Indemnified Parties and Section 11.17(b) is intended for the benefit of the directors, officers and employees of the Company and such sections will be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Company Beneficiaries**") and the Company and any successors to the Company (including any Surviving Corporation) will hold the rights and benefits of Section 7.6, Section 7.7, Section 11.17(b) and this Section 11.10 in trust for and on behalf of the Company Beneficiaries and the Company hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Company Beneficiaries and such rights are in addition to, and not in substitution for, any other rights that any Company Beneficiary may have by contract or otherwise.

11.11 Amendment

(a) This Agreement may, at any time and from time to time but not later than the Effective Time, be amended by written agreement of the Parties hereto without, subject to applicable Laws, further notice to or authorization on the part of the Securityholders, and any such amendment may, without limitation:

(i) change the time for performance of any of the obligations or acts of the Parties;

(ii) waive any inaccuracies or modify any representation, warranty, term or provision contained herein or in any document delivered pursuant hereto; or

(iii) waive compliance with or modify any of the conditions precedent referred to in Article 10 or any of the covenants herein contained or waive or modify performance of any of the obligations of the Parties,

provided, however, that no such amendment may reduce or materially affect the consideration to be received by the Shareholders without their approval.

11.12 Waiver and Modifications

Any Party may (a) waive, in whole or in part, any inaccuracy of, or consent to the modification of, any representation or warranty made to it hereunder or in any document to be delivered pursuant hereto, (b) extend the time for the performance of any of the obligations or acts of the other Parties (c) waive or consent to the modification of any of the covenants herein contained for its benefit or waive or consent to the modification of any of the obligations of the other Parties hereto or (d) waive the fulfillment of any condition to its own obligations contained herein. No waiver or consent to the modifications of any of the provisions of this Agreement will be effective or binding unless made in writing and signed by the Party or Parties purporting to give the same and, unless otherwise provided, will be limited to the specific breach or condition waived. The rights and remedies of the Parties hereunder are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects any further exercise of such right or remedy or the exercise of any other right or remedy to which that Party may be entitled. No waiver or partial waiver of any nature, in any one or more instances, will be deemed or construed a continued waiver of any condition or breach of any other term, representation or warranty in this Agreement.

11.13 Severability

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated herein is not affected in any manner that results in a Material Adverse Effect on the Company or the Parent, or both, or would prevent or significantly impede or materially delay the completion of the Acquisition.

11.14 Mutual Interest

Notwithstanding the fact that any part of this Agreement has been drafted or prepared by or on behalf of one of the Parties, all Parties confirm that they and their respective counsel have reviewed and negotiated this Agreement and that the Parties have adopted this Agreement as the joint agreement and understanding of the Parties, and the language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent, and the Parties waive the application of any Laws or rule of construction providing that ambiguities in any agreement or other document will be construed against the Party drafting such agreement or other document and agree that no rule of construction providing that a provision is to be interpreted in favour of the person who contracted the obligation and against the person who stipulated it will be applied against any Party.

11.15 Further Assurances

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Parties may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

11.16 Injunctive Relief

The Parties agree that irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached for which money damages would not be an adequate remedy at law. It is accordingly agreed that the Parties will be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

11.17 No Personal Liability

(a) No director, officer or employee of the Purchaser or the Parent will have any personal liability to the Company under this Agreement or any other document delivered in connection with this Agreement on behalf of the Purchaser or the Parent.

(b) No director, officer or employee of the Company will have any personal liability to the Purchaser or the Parent under this Agreement or any other document delivered in connection with this Agreement on behalf of the Company.

11.18 Counterparts

This Agreement may be executed and delivered in any number of counterparts (including by facsimile or electronic transmission), each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

DELMAR PHARMACEUTICALS, INC.

By: /s/ Lisa Guise
Name: Lisa
Title: President

0959456 B.C. LTD.

By: /s/ Lisa Guise
Name: Lisa Guise
Title: President

0959454 B.C. LTD.

By: /s/ Lisa Guise
Name: Lisa Guise
Title: President

DEL MAR PHARMACEUTICALS (BC) LTD.

By: /s/ Jeffrey Bacha
Name: Jeffrey Bacha
Title: President and CEO

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SHAREHOLDERS:

NBCN Inc. ITF Peter Feldman & Debra Cahan, Acct: 4EDG67A

By: /s/ John McMullen

/s/ Amie Franklin

Amie Franklin

/s/ C. Lowell Parsons

C. Lowell Parsons

/s/ Carol A. Garner

Carol A. Garner

/s/ Christine Charette

Christine Charette

/s/ Dennis Brown

Dennis Brown

/s/ Diann Nagami

Diann Nagami

/s/ F. Burton Dickey

Dr. F. Burton Dickey

/s/ James Perry

Dr. James Perry

/s/ John Langlands

Dr. John Langlands

/s/ Victor Levin

Dr. Victor Levin

/s/ Erik Nielson

Erik Nielsen

/s/ Jeffrey A. Bacha

Jeffrey A. Bacha

/s/ Guillermo Calero

Guillermo Calero

/s/ Lauren B. Brown

Lauren B. Brown

/s/ Ian S. Brown

Ian S. Brown

/s/ James H. Garer, Jr.

James H. Garner, Jr.

/s/ James S. Tuffield

James S. Tuffield

/s/ Johanne Paquet

Johanne Paquet

/s/ Joseph C. Schlesinger

Joseph C. Schlesinger

/s/ Joseph Garcia

Joseph Garcia

/s/ Kevin Woolliams

Kevin Woolliams

/s/ Lenian Shen

Lenian Shen

/s/ Lorena Lopez

Lorena Lopez

/s/ Lynne Garner McElhinney

Lynne Garner McElhinney

/s/ Mark Betteridge

Mark Betteridge

/s/ Scott Praill

Scott Praill

/s/ Robert W. Rieder

Robert W. Rieder

American Estate & Trust LC FBO Mildred P Tuffield Beneficiary IRA FBO James Tuffield

By: /s/ David A.Freeberg

Bershaw & Co. FBO Salida Accelerator Fund s.a.r.l. #013285408

By: /s/ Mohamed Satar

Claire A. Feldman TTEE Feldman Revocable Inter Vivos Trust

By: /s/ _____

Gundyco ITF Alan Ezrin

By:/s/_____

Jeffrey A. Bacha, in trust for Jonathan Bacha

Jeffrey A. Bacha, in trust for Madelyn Bacha

/s/ Jeffrey A. Bacha

Jeffrey A. Bacha

/s/ Jeffrey A. Bacha

Jeffrey A. Bacha

Jeffrey A. Bacha, in trust for Sophie Scullion

Jeffrey A. Bacha, in trust for William J. Garner

/s/ Jeffrey A. Bacha

Jeffrey A. Bacha

/s/ Jeffrey A. Bacha

Jeffrey A. Bacha

Macquarie Private Wealth ITF Edwin & Julia Levy

By: /s/ _____

Onbelay Capital Inc.

By: /s/ _____

RBC Dominion Securities Inc. ITF Cathy Steiner 421-51351-22

By: /s/_____

RBC Dominion Securities Inc. ITF Taleeb F. Noormohamed a/c 804-03384-21

By:_____

SJBarer Consulting LLC

By: /s/ _____

TD Waterhouse TFSA, ITF Mehrdad Yakhshi Tafti Account No. 48R838J

By: /s/ _____

Valent Technologies LLC

By: /s/ Dennis Brown

/s/ Deborah Solomon

Deborah Solomon

Lauren B. Brown, Trustee of the Lauren Brown 2012 Irrevocable Trust

/s/ Lauren B. Brown

Lauren B. Brown

Ian S. Brown, Trustee of the Ian Brown 2012 Irrevocable Trust

/s/ Ian S. Brown

Ian S. Brown

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WARRANTHOLDERS:

NBCN Inc. ITF Peter Feldman & Debra Cahan, Acct: 4EDG67A

By: /s/ John McMullen

Claire A. Feldman TTEE Feldman Revocable Inter Vivos Trust

By: /s/_____

/s/ Dennis Brown

Dennis Brown

Oneblay Capital Inc.

By: /s/_____

Macquarie Private Wealth ITF Edwin & Julia Levy

By: /s/_____

RBC Dominion Securities Inc. ITF Cathy Steiner

By: /s/_____

/s/ James S. Tuffield

James S. Tuffield

/s/ Joseph C. Schelisinger

Joseph C. Schlesinger

William J. Garner, Trustee of the William J. Garner Revocable Trust

/s/ William J. Garner

William J. Garner

American Estate & Trust LC FBO Mildred P Tuffield Beneficiary IRA FBO James Tuffield

By: /s/ David A. Freeberg

/s/ Jeffrey A. Bacha

Jeffrey A. Bacha

Gundyco ITF Alan Ezrin

By:/s/_____

Bershaw & Co. FBO Salida Accelerator Fund S.a.r.l. #013285408

By: /s/_____

/s/ C. Lowell Parsons

C. Lowell Parsons

/s/ Johanne Paquet

Johanne Paquet

OPTIONHOLDERS:

/s/ Jeffrey Bacha

Jeffrey A. Bacha

/s/ Herman Chor

Herman Chor

/s/ William Garner

William Garner

/s/ Sarath Kanekal

Sarath Kanekal

/s/ Mike Li

Mike Li

/s/ Suzanne Plano

Suzanne Plano

/s/ Lauana Staiger

Lauana Staiger

/s/ Dennis Brown

Dennis Brown

/s/ Sandra Dunn

Sandra Dunn

/s/ Tina Herbert

Tina Herbert

/s/ Susan Koppy

Susan Koppy

/s/ Lorena Lopez

Lorena Lopez

/s/ Scott Praill

Scott Praill

/s/ Anne Steino

Anne Steino

SCHEDULE A

EXCHANGEABLE SHARE PROVISIONS

SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO

EXCHANGEABLE SHARES

The Exchangeable Shares Without Par Value have attached to them the special rights and restrictions set out in this Part 1 (it being understood that all references to the "**Company**" shall be a reference to 0959456 B.C. Ltd.):

1. Interpretation

(a) Definitions. For the purposes of these Exchangeable Share Provisions:

"**affiliate**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**BCBCA**" means the *Business Corporations Act* (British Columbia), and all regulations made thereunder as promulgated or amended from time to time;

"**Board of Directors**" means the board of directors of the Company;

"**Business Day**" means any day other than a Saturday, Sunday, a public holiday or a day on which commercial banking institutions in Vancouver, British Columbia or New York City, New York are closed for business;

"**Callco**" means 0959454 B.C. Ltd., a subsidiary of the Parent existing under the laws of the Province of British Columbia, or any other direct or indirect wholly-owned subsidiary of the Parent designated by the Parent from time to time in replacement thereof;

"**Canadian Dollar Equivalent**" means, at any date, in respect of any amount expressed in a currency other than Canadian dollars (the "**Foreign Currency Amount**") as of such date, the product obtained by multiplying (i) the Foreign Currency Amount by (ii) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such spot exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose;

"**Common Shares**" means the common shares in the capital of the Company;

"**Current Market Price**" means, in respect of a Parent Share on any date, the Canadian Dollar Equivalent of the average closing sale price on the OTCBB during the period of 20 consecutive trading days ending on the third trading day immediately before such date or, if the Parent Shares are not then listed on the OTCBB, on such other stock exchange or automated quotation system on which the Parent Shares are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of Parent Shares during such period does not reflect the fair market value of a Parent Share, then the Current Market Price of a Parent Share shall be determined by the Board of Directors, based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate; and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding, absent manifest error;

"**Effective Date**" has the meaning ascribed thereto in the Exchange Agreement;

"**Exchange Agreement**" means the exchange agreement made as of January ____, 2013 between the Parent, the Company, Callco, Del Mar Pharmaceuticals (BC) Ltd. and the securityholders of Del Mar Pharmaceuticals (BC) Ltd. who have signed the Exchange Agreement or who have agreed to be bound by the Exchange Agreement, including the schedules thereto, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with its term;

"**Exchangeable Shares**" means the exchangeable shares in the capital of the Company, having the rights, privileges, restrictions and conditions set forth herein;

"**Exchangeable Share Consideration**" means, with respect to each Exchangeable Share, for any acquisition of, redemption of or distribution of assets of the Company in respect of such Exchangeable Share, or purchase of such Exchangeable Share pursuant to these Exchangeable Share Provisions, the Exchange Agreement, the Support Agreement or the Voting and Exchange Trust Agreement:

(i) the Current Market Price of one Parent Share deliverable in connection with such action; plus

(ii) a cheque or cheques payable at par at any branch of the bankers of the payor in the amount of all declared, payable and unpaid, and all undeclared but payable, cash dividends deliverable in connection with such action; plus

(iii) such stock or other property constituting any declared, payable and unpaid non-cash dividends deliverable in connection with such action,

provided that: (A) the part of the consideration which represents (i) above shall be fully paid and satisfied by the delivery of one Parent Share, such share to be duly issued, fully paid and non-assessable; (B) the part of the consideration which represents (iii) above shall be fully paid and satisfied by delivery of such non-cash items; (C) in each case, any such consideration shall be delivered free and clear of any lien, claim, encumbrance, security interest or adverse claim or interest; and (D) in each case, any such consideration shall be paid without interest and less any tax required to be deducted and withheld therefrom;

"**Exchangeable Share Price**" means, at any time, for each Exchangeable Share, an amount equal to the aggregate of:

(i) the Current Market Price of one Parent Share at such time;

(ii) the full amount of all cash dividends declared, payable and unpaid, at such time, on such Exchangeable Share;

(iii) the full amount of all non-cash dividends declared, payable and unpaid, at such time, on such Exchangeable Share; and

(iv) the full amount of all dividends declared and payable or paid in respect of each Parent Share which have not, at such time, been declared or paid on Exchangeable Shares in accordance herewith;

"**Exchangeable Share Provisions**" means the rights, privileges, restrictions and conditions set out herein;

"**Exchangeable Share Voting Event**" means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of the Company, other than an Exempt Exchangeable Share Voting Event, and, for greater certainty, excluding any matter in respect of which holders of Exchangeable Shares are entitled to vote (or instruct the Trustee to vote) in their capacity as Beneficiaries under (and as that term is defined in) the Voting and Exchange Trust Agreement;

"**Exempt Exchangeable Share Voting Event**" means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of the Company to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the Exchangeable Shares, where the approval or disapproval, as applicable, of such change is required to maintain the economic equivalence of the Exchangeable Shares and the Parent Shares;

"**Liquidation Amount**" has the meaning ascribed thereto in Section 5(a);

"**Liquidation Call Right**" has the meaning ascribed thereto in the Exchange Agreement;

"**Liquidation Date**" has the meaning ascribed thereto in Section 5(a);

"**OTCBB**" means the Over-the-Counter Bulletin Board;

"**Parent**" means DelMar Pharmaceuticals, Inc., a corporation existing under the laws of the State of Nevada;

"**Parent Control Transaction**" shall be deemed to have occurred if:

(i) any person acquires (including by way of Exchange Agreement), directly or indirectly, any voting security of the Parent and, immediately after such acquisition, directly or indirectly owns, or exercises control and direction over, voting securities representing more than 50% of the total voting power of all of the then outstanding voting securities of the Parent;

(ii) the shareholders of the Parent approve a merger, consolidation, recapitalization or reorganization of the Parent, other than any such transaction which would result in the holders of outstanding voting securities of the Parent immediately prior to such transaction directly or indirectly owning, or exercising control and direction over, voting securities representing more than 50% of the total voting power of all of the voting securities of the surviving entity outstanding immediately after such transaction;

(iii) the shareholders of the Parent approve a liquidation of the Parent; or

(iv) the Parent sells or disposes of all or substantially all of its assets;

"**Parent Dividend Declaration Date**" means the date on which the board of directors of the Parent declares any dividend or other distribution on the Parent Shares;

"**Parent Shares**" means shares of common stock of the Parent;

"**person**" includes any individual, sole proprietorship, corporation, body corporate, incorporated or unincorporated association, syndicate or organization, partnership, limited partnership, limited liability company, unlimited liability company, joint venture, joint stock company, trust, natural person in his or her capacity as trustee, executor, administrator or other legal representative, a government or governmental authority or other entity, whether or not having legal status;

"**Redemption Call Purchase Price**" has the meaning ascribed thereto in the Exchange Agreement;

"**Redemption Call Right**" has the meaning ascribed thereto in the Exchange Agreement;

"**Redemption Date**" means the date, if any, established by the Board of Directors for the redemption by the Company of all but not less than all of the outstanding Exchangeable Shares, which date shall be no earlier than the sixth anniversary of the Effective Date, unless:

(i) the aggregate number of Exchangeable Shares issued and outstanding (other than Exchangeable Shares held by the Parent and its subsidiaries) is less than 5% of the number of Exchangeable Shares issued on the Effective Date (as such number of shares may be adjusted as deemed appropriate by the Board of Directors to give effect to any subdivision, combination or consolidation of or stock dividend on the Exchangeable Shares, any issue or distribution of rights to acquire Exchangeable Shares or securities exchangeable for or convertible into Exchangeable Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares), in which case the Board of Directors may accelerate such redemption date to such date as it may determine, upon at least 30 days' prior written notice to the registered holders of the Exchangeable Shares;

(ii) a Parent Control Transaction is proposed, in which case, provided that the Board of Directors determines, in good faith and in its sole discretion, that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such Parent Control Transaction and that the redemption of all but not less than all of the outstanding Exchangeable Shares is necessary to enable the completion of such Parent Control Transaction in accordance with its terms, the Board of Directors may accelerate such redemption date to such date as it may determine, upon such number of days, prior written notice to the registered holders of the Exchangeable Shares and the Trustee as the Board of Directors may determine to be reasonably practicable in such circumstances;

(iii) an Exchangeable Share Voting Event is proposed and (A) the Board of Directors has determined, in good faith and in its sole discretion, that it is not reasonably practicable to accomplish the business purpose (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of the Redemption Date) intended by the Exchangeable Share Voting Event in a commercially reasonable manner that does not result in an Exchangeable Share Voting Event and (B) the holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exchangeable Share Voting Event, in which case the Redemption Date shall be the Business Day following the later of the day on which the Board of Directors makes such a determination or the holders of the Exchangeable Shares fail to take such action; or

(iv) an Exempt Exchangeable Share Voting Event is proposed and the holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event, in which case the Redemption Date shall be the Business Day following the day on which the holders of the Exchangeable Shares fail to take such action,

provided, however, that the accidental failure or omission to give any notice of redemption under clauses (i), (ii), (iii) or (iv) above to any of the holders of Exchangeable Shares shall not affect the validity of any such redemption;

"**Redemption Price**" has the meaning ascribed thereto in Section 7(a);

"**Retracted Shares**" has the meaning ascribed thereto in Section 6(a)(i);

"**Retraction Call Notice**" has the meaning ascribed thereto in Section 6(b)(ii);

"**Retraction Call Right**" has the meaning ascribed thereto in Section 6(b)(i);

"**Retraction Call Right Purchase Price**" has the meaning ascribed thereto in Section 6(b)(i);

"**Retraction Date**" has the meaning ascribed thereto in Section 6(a)(i);

"**Retraction Price**" has the meaning ascribed thereto in Section 6(a)(i);

"**Retraction Request**" has the meaning ascribed thereto in Section 6(a)(i);

"**Support Agreement**" means the support agreement to be entered into at or prior to the issuance by the Company of any Exchangeable Shares among the Parent, Callco and the Company substantially in the form of Schedule D to the Exchange Agreement, as may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

"**Transfer Agent**" means Computershare Investor Services Inc. or such other person as may from time to time be appointed by the Company as the registrar and transfer agent for the Exchangeable Shares;

"**Trustee**" means the trustee chosen by the Parent to act as trustee under the Voting and Exchange Trust Agreement and any successor trustee appointed under the Voting and Exchange Trust Agreement; and

"**Voting and Exchange Trust Agreement**" means the voting and exchange trust agreement to be made among the Parent, Callco, the Company and the Trustee in connection with the Exchange Agreement substantially in the form of Schedule E to the Exchange Agreement, as may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

(b) Interpretation Not Affected by Headings. The division of these Exchangeable Share Provisions into sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to a "Section" followed by a number and/or a letter refer to the specified Section of these Exchangeable Share Provisions.

(c) Number and Gender. In these Exchangeable Share Provisions, unless the context otherwise clearly requires, words used herein importing the singular include the plural and vice versa and words imparting any gender shall include all genders.

(d) Date of Any Action. If any date on which any action is required to be taken hereunder by any person is not a Business Day, then such action shall be required to be taken on the next succeeding day which is a Business Day.

(e) Currency. In these Exchangeable Share Provisions, unless stated otherwise, all cash payments provided for herein shall be made in Canadian dollars.

2. Ranking of Exchangeable Shares

The Exchangeable Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Exchangeable Shares (a) with respect to the payment of dividends or distributions as and to the extent provided in Section 3 and (b) with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs as and to the extent provided in Section 5.

3. Dividends and Distributions

(a) Dividends and Distributions. A holder of an Exchangeable Share shall be entitled to receive and the Board of Directors shall, subject to applicable law, on each Parent Dividend Declaration Date, declare a dividend or distribution on each Exchangeable Share:

(i) in the case of a cash dividend or distribution declared on the Parent Shares, in an amount in cash for each Exchangeable Share equal to the Canadian Dollar Equivalent of the cash dividend or distribution declared on each Parent Share on the Parent Dividend Declaration Date;

(ii) in the case of a stock dividend or distribution declared on the Parent Shares to be paid in Parent Shares, by the issue or transfer by the Company of such number of Exchangeable Shares for each Exchangeable Share as is equal to the number of Parent Shares to be paid on each Parent Share; provided, however, that the Company may, in lieu of such stock dividend, elect to effect a contemporaneous and economically equivalent (as determined by the Board of Directors in accordance with Section 3(e)) subdivision of the outstanding Exchangeable Shares; or

(iii) in the case of a dividend or distribution declared on the Parent Shares in property other than cash or Parent Shares, in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent (as determined by the Board of Directors in accordance with Section 3(e)) to the type and amount of property declared as a dividend or distribution on each Parent Share.

Such dividends or distributions shall be paid out of money, assets or property of the Company properly applicable to the payment of dividends or other distributions, or out of authorized but unissued shares of the Company, as applicable. The holders of Exchangeable Shares shall not be entitled to any dividends or other distributions other than or in excess of the dividends and distributions referred to in this Section 3(a).

(b) Payments of Dividends and Distributions. Cheques of the Company payable at par at any branch of the bankers of the Company shall be issued in respect of any cash dividends or distributions contemplated by Section 3(a)(i) and the sending of such cheque to each holder of an Exchangeable Share shall satisfy the cash dividend or distribution represented thereby unless the cheque is not paid on presentation. Written evidence of the book entry issuance or transfer to the registered holder of Exchangeable Shares shall be delivered in respect of any stock dividends or distributions contemplated by Section 3(a)(ii) and the sending of such written evidence to each holder of an Exchangeable Share shall satisfy the stock dividend or distribution represented thereby. Such other type and amount of property in respect of any dividends or distributions contemplated by Section 3(a)(iii) shall be issued, distributed or transferred by the Company in such manner as it shall determine and the issuance, distribution or transfer thereof by the Company to each holder of an Exchangeable Share shall satisfy the dividend or distribution represented thereby. Subject to the requirements of applicable law with respect to unclaimed property, no holder of an Exchangeable Share shall be entitled to recover by action or other legal process against the Company any dividend or distribution that is represented by a cheque that has not been duly presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend was payable.

(c) Record and Payment Dates. The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend or distribution declared on the Exchangeable Shares under Section 3(a) shall be the same dates as the record date and payment date, respectively, for the corresponding dividend or distribution declared on the Parent Shares. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any subdivision of the Exchangeable Shares under Section 3(a)(ii) and the effective date of such subdivision shall be the same dates as the record and payment date, respectively, for the corresponding stock dividend or distribution declared on the Parent Shares.

(d) Partial Payment. If on any payment date for any dividends or distributions declared on the Exchangeable Shares under Section 3(a) the dividends or distributions are not paid in full on all of the Exchangeable Shares then outstanding, any such dividends or distributions that remain unpaid shall be paid on a subsequent date or dates determined by the Board of Directors on which the Company shall have sufficient moneys, assets or property properly applicable to the payment of such dividends or distributions.

(e) Economic Equivalence. The Board of Directors shall determine, in good faith and in its sole discretion (with the assistance of such financial or other advisors as the Board of Directors may determine), "economic equivalence" for the purposes of the

Exchangeable Share Provisions and each such determination shall be conclusive and binding on the Company and its shareholders. In making each such determination, the following factors shall, without excluding other factors determined by the Board of Directors to be relevant, be considered by the Board of Directors:

(i) in the case of any stock dividend or other distribution payable in Parent Shares, the number of such shares issued in proportion to the number of Parent Shares previously outstanding;

(ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares), the relationship between the exercise price of each such right, option or warrant, the Current Market Price of a Parent Share, the volatility of the Parent Shares and the terms of any such instrument;

(iii) in the case of the issuance or distribution of any other form of property (including any shares or securities of the Parent of any class other than Parent Shares, any rights, options or warrants other than those referred to in Section 3(e)(ii), any evidences of indebtedness of the Parent or any assets of the Parent), the relationship between the fair market value (as determined by the Board of Directors in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding Parent Share and the Current Market Price of a Parent Share;

(iv) in the case of any subdivision, redivision or change of the then outstanding Parent Shares into a greater number of Parent Shares or the reduction, combination, consolidation or change of the then outstanding Parent Shares into a lesser number of Parent Shares or any amalgamation, merger, arrangement, reorganization or other transaction affecting the Parent Shares, the effect thereof upon the then outstanding Exchangeable Shares; and

(v) in all such cases, the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of Parent Shares as a result of differences between taxation laws of Canada and the United States (except for any differing consequences arising as a result of differing withholding taxes and marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).

4. Certain Restrictions

So long as any of the Exchangeable Shares are outstanding, the Company shall not at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares given as specified in Section 11(a):

(a) pay any dividends or distributions on the Common Shares or any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends or distributions, other than stock dividends payable in Common Shares or any such other shares ranking junior to the Exchangeable Shares, as the case may be;

(b) redeem or purchase or make any capital distribution in respect of Common Shares or any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends or the distribution of the assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs;

(c) redeem or purchase or make any capital distribution in respect of any other shares of the Company ranking equally with the Exchangeable Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs;

(d) issue any Exchangeable Shares or any other shares of the Company ranking equally with the Exchangeable Shares other, in each case, than by way of stock dividends to the holders of such Exchangeable Shares; or

(e) issue any shares of the Company ranking superior to the Exchangeable Shares,

provided, however, that the restrictions in Sections 4(a), (b), (c) and (d) shall not apply if all dividends or distributions on the outstanding Exchangeable Shares corresponding to dividends or distributions declared and paid to date on the Parent Shares shall have been declared and paid in full on the Exchangeable Shares and provided that the proposed redemption, purchase or other capital distribution does not impair the Company's ability to redeem all of the outstanding Exchangeable Shares.

5. Liquidation

(a) Liquidation Amount. Subject to applicable laws and the due exercise by the Parent or Callco of the Liquidation Call Right, in the event of the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, a holder of Exchangeable Shares shall be entitled to receive from the assets of the Company in respect of each Exchangeable Share held by such holder on the effective date of such liquidation, dissolution, winding-up or other distribution (the "**Liquidation Date**"), before any distribution of any part of the assets of the Company among the holders of the Common Shares or any other shares ranking junior to the Exchangeable Shares with respect to dividends or distributions an amount per share (the "**Liquidation Amount**") equal to the Exchangeable Share Price applicable on the last Business Day prior to the Liquidation Date, which price shall be satisfied in full by the Company delivering or causing to be delivered to such holder the Exchangeable Share Consideration representing the Liquidation Amount.

(b) Payment of Liquidation Amount. In the case of a distribution pursuant to Section 5(a), and provided that the Liquidation Call Right has not been exercised by the Parent or Callco, on or promptly after the Liquidation Date, the Company shall deliver or cause to be delivered to the holders of the Exchangeable Shares the Liquidation Amount for each such Exchangeable Share upon presentation and surrender of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the BCBCA and the constating documents of the Company and such additional documents, instruments and payments as the Transfer Agent and the Company may reasonably require, at the registered office of the Company or at any office of the Transfer Agent as may be specified by the Company by notice to the holders of the Exchangeable Shares. Payment of the Liquidation Amount for such Exchangeable Shares shall be made by delivery to each holder, at the address of such holder recorded in the securities register of the Company for the Exchangeable Shares or by holding for pick-up by such holder at the registered office of the Company or at any office of the Transfer Agent as may be specified by the Company by notice to the holders of the Exchangeable Shares, the Exchangeable Share Consideration such holder is entitled to receive pursuant to Section 5(a). On and after the Liquidation Date, the holders of the Exchangeable Shares shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement) other than the right to receive their proportionate part of the total Liquidation Amount, unless

payment of the total Liquidation Amount for such Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the Liquidation Amount has been paid in the manner hereinbefore provided. The Company shall have the right at any time after the Liquidation Date to transfer or cause to be issued or transferred to, and deposited in a custodial account with, any chartered bank or trust company the Liquidation Amount in respect of the Exchangeable Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof, such Liquidation Amount to be held by such bank or trust company as trustee for and on behalf of, and for the use and benefit of, such holders. Upon such deposit being made, the rights of a holder of Exchangeable Shares after such deposit shall be limited to receiving its proportionate part of the total Liquidation Amount for such Exchangeable Shares so deposited, without interest, and all dividends and other distributions with respect to the Parent Shares to which such holder is entitled with a record date after the date of such deposit and before the date of transfer of such Parent Shares to such holder (in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom) against presentation and surrender of the certificates for the Exchangeable Shares held by them in accordance with the foregoing provisions.

(c) No Right to Participate in Further Distributions. After the Company has satisfied its obligations to pay the holders of the Exchangeable Shares the total Liquidation Amount per Exchangeable Share pursuant to this Section 5, such holders shall not be entitled to share in any further distribution of the assets of the Company.

6. Retraction of Exchangeable Shares

(a) Retraction at Option of Holder

(i) Subject to applicable laws and the due exercise by the Parent or Callco of the Retraction Call Right, a holder of Exchangeable Shares shall be entitled at any time to require the Company to redeem, on the fifth Business Day after the date on which the Retraction Request is received by the Company (the "**Retraction Date**"), any or all of the Exchangeable Shares registered in the name of such holder for an amount per share equal to the Exchangeable Share Price applicable on the last Business Day prior to the Retraction Date (the "**Retraction Price**"), which price shall be satisfied in full by the Company delivering or causing to be delivered to such holder the Exchangeable Share Consideration representing the Retraction Price. A holder of Exchangeable Shares must give notice of a request to redeem by presenting and surrendering to the Company, at the registered office of the Company or at any office of the Transfer Agent as may be specified by the Company by notice to the holders of the Exchangeable Shares, the certificate or certificates representing the Exchangeable Shares that such holder desires to have the Company redeem, together with (A) such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the BCBCA and the constating documents of the Company and such additional documents, instruments and payments as the Transfer Agent and the Company may reasonably require and (B) a duly executed request (the ''**Retraction Request**'') in the form of Appendix I hereto or in such other form as may be acceptable to the Company specifying that such holder desires to have all or any number specified therein of the Exchangeable Shares represented by such certificate or certificates (the "**Retracted Shares**") redeemed by the Company.

(ii) In the case of a redemption of Exchangeable Shares pursuant to this Section 6(a), upon receipt by the Company or the Transfer Agent in the manner specified in Section 6(a)(i) of a certificate representing the number of Exchangeable Shares which the holder desires to have the Company redeem, together with a duly executed Retraction Request and such additional documents and instruments specified in Section 6(a)(i), and provided that (A) the Retraction Request has not been revoked by the holder of such Exchangeable Shares in the manner specified in Section 6(a)(iv) and (B) neither the Parent nor Callco has exercised the Retraction Call Right, the Company shall redeem the Retracted Shares effective at the close of business on the Retraction Date. On the Retraction Date, the Company shall deliver or cause to be delivered to such holder, at the address of the holder recorded in the securities register of the Company for the Exchangeable Shares or at the address specified in the Retraction Request or by holding for pick-up by the holder at the registered office of the Company or at any office of the Transfer Agent as may be specified by the Company by notice to the holders of the Exchangeable Shares, the Exchangeable Share Consideration representing the Retraction Price and such delivery of such Exchangeable Share Consideration by or on behalf of the Company by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the Retraction Price to the extent that the same is represented by such Exchangeable Share Consideration, unless any cheque comprising part of such Exchangeable Share Consideration is not paid on due presentation. If only a part of the Exchangeable Shares represented by any certificate is redeemed, a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of the Company. On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive the total Retraction Price in respect thereof, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the aggregate Retraction Price payable to such holder shall not be made, in which case the rights of such holder shall remain unaffected until such aggregate Retraction Price has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of such aggregate Retraction Price has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so redeemed by the Company shall thereafter be considered and deemed for all purposes to be a holder of the Parent Shares delivered to such holder.

(iii) Notwithstanding any other provision of this Section 6, the Company shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request if and to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable laws. If the Company believes that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on such date, and neither the Parent nor Callco has exercised the Retraction Call Right with respect to such Retracted Shares, the Company shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder and the Trustee at least two Business Days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by the Company. In any case in which the redemption by the Company of Retracted Shares would be contrary to solvency requirements or other provisions of applicable laws, the Company shall redeem Retracted Shares in accordance with Section 6(a)(ii) on a pro rata basis and shall issue to each holder of Retracted Shares a new certificate, at the expense of the Company, representing the Retracted Shares not redeemed by the Company pursuant to Section 6(a)(ii). If the Company would otherwise be obligated to redeem Retracted Shares pursuant to Section 6(a)(ii) but is not obligated to do so as a result of solvency requirements or other provisions of applicable laws, the holder of any such Retracted Shares not redeemed by the Company pursuant to Section 6(a)(ii) as a result of solvency requirements or other provisions of applicable laws shall be deemed, by delivery of the Retraction Request to have instructed the Transfer Agent to require the Parent or Callco to purchase such Retracted Shares from such holder on the Retraction Date or as soon as practicable thereafter on payment by the Parent or Callco to such holder of the total Retraction Price in respect of such Retracted Shares, all as more specifically provided for in the Voting and Exchange Trust Agreement.

(iv) A holder of Retracted Shares may, by notice in writing given by the holder to the Company before the close of business on the Business Day immediately preceding the Retraction Date, withdraw its Retraction Request, in which event such Retraction Request shall be null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to the Parent or Callco shall be deemed to have been revoked.

(v) Notwithstanding any other provision of this Section 6(a), if:

A. exercise of the rights of the holders of the Exchangeable Shares, or any of them, to require the Company to

redeem any Exchangeable Shares pursuant to this Section 6(a) on any Retraction Date would require listing particulars or any similar document to be issued in order to obtain the approval of the OTCBB to the listing and trading (subject to official notice of issuance) of the Parent Shares that would be required to be delivered to such holders of Exchangeable Shares in connection with the exercise of such rights; and

B. as a result of (A) above, it would not be practicable (notwithstanding the reasonable endeavours of the Parent) to obtain such approvals in time to enable all or any of such Parent Shares to be admitted to listing and trading by the OTCBB (subject to official notice of issuance) when so delivered,

the Retraction Date shall, notwithstanding any other date specified or otherwise deemed to be specified in any relevant Retraction Request, be deemed for all purposes to be the earlier of (x) the second Business Day immediately following the date the approvals referred to in Section 6(a)(v)A are obtained and (y) the date which is 30 Business Days after the date on which the relevant Retraction Request is received by the Company, and references in these Exchangeable Share Provisions to such Retraction Date shall be construed accordingly.

(b) Retraction Call Rights

(i) In the event that a holder of Exchangeable Shares delivers a Retraction Request pursuant to Section 6(a), and subject to the limitations set forth in Section 6(b)(ii) (including that Callco shall only be entitled to exercise its Retraction Call Right with respect to those holders of Exchangeable Shares, if any, in respect of which the Parent has not exercised its Retraction Call Right), the Parent and Callco shall each have the overriding right (the "**Retraction Call Right**"), notwithstanding the proposed redemption of the Exchangeable Shares by the Company pursuant to Section 6(a), to purchase from such holder on the Retraction Date all but not less than all of the Retracted Shares held by such holder on payment by the Parent or Callco, as the case may be, of an amount per share equal to the Exchangeable Share Price applicable on the last Business Day prior to the Retraction Date (the "**Retraction Call Right Purchase Price**"), which price shall be satisfied in full by the Parent or Callco, as the case may be, delivering or causing to be delivered to such holder the Exchangeable Share Consideration representing the Retraction Call Right Purchase Price. Upon the exercise of the Retraction Call Right in respect of Retracted Shares, the holder of such shares shall be obligated to sell all of such Retracted Shares to the Parent or Callco, as the case may be, on the Retraction Date on payment by the Parent or Callco, as the case may be, of the total Retraction Call Right Purchase Price in respect of such Retracted Shares as set forth in this Section 6(b)(i).

(ii) Upon receipt by the Company of a Retraction Request, the Company shall immediately notify the Parent and Callco thereof and shall provide the Parent and Callco with a copy of the Retraction Request. Callco shall only be entitled to exercise its Retraction Call Right with respect to those holders of Retracted Shares, if any, in respect of which the Parent has not exercised its Retraction Call Right. In order to exercise its Retraction Call Right, the Parent or Callco, as the case may be, must notify the Company in writing of its determination to do so (a "**Retraction Call Notice**") within five Business Days after the Company notifies the Parent and Callco of the Retraction Request. If neither the Parent nor Callco so notifies the Company within such five Business Day period, the Company shall notify the holder as soon as possible thereafter that neither the Parent nor Callco will exercise the Retraction Call Right. If one or both of the Parent and Callco delivers a Retraction Call Notice within such five Business Day period and duly exercises its Retraction Call Right in accordance with this Section 6(b)(ii), the obligation of the Company to redeem the Retracted Shares shall terminate and, provided that the Retraction Request is not revoked by the holder of such Retracted Shares in the manner specified in Section 6(a)(iv), the Parent or Callco, as the case may be, shall purchase from such holder and such holder shall sell to the Parent or Callco, as the case may be, on the Retraction Date the Retracted Shares for an amount per share equal to the Retraction Call Right Purchase Price. Provided that the aggregate Retraction Call Right Purchase Price has been so deposited with the Transfer Agent as provided in Section 6(b)(iii), the closing of the purchase and sale of the Retracted Shares pursuant to the Retraction Call Right shall be deemed to have occurred as at the close of business on the Retraction Date and, for greater certainty, no redemption by the Company of such Retracted Shares shall take place on the Retraction Date.

(iii) For the purpose of completing a purchase of Retracted Shares pursuant to the exercise of the Retraction Call Right, the Parent or Callco, as the case may be, shall deliver or cause to be delivered to the holder of such Retracted Shares, at the address of the holder recorded in the securities register of the Company for the Exchangeable Shares or at the address specified in the holder's Retraction Request or by holding for pick-up by the holder at the registered office of the Company or at any office of the Transfer Agent as may be specified by the Company by notice to the holders of Exchangeable Shares, the Exchangeable Share Consideration representing the Retraction Call Right Purchase Price to which such holder is entitled and such delivery of Exchangeable Share Consideration on behalf of the Parent or Callco, as the case may be, shall be deemed to be payment of and shall satisfy and discharge all liability for the Retraction Call Right Purchase Price to the extent that the same is represented by such Exchangeable Share Consideration, unless such cheque comprising part of such Exchangeable Share Consideration is not paid on due presentation.

(iv) On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive the total Retraction Call Right Purchase Price in respect thereof, unless payment of the aggregate Retraction Call Right Purchase Price payable to such holder shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions in which case the rights of such holder shall remain unaffected until such aggregate Retraction Call Right Purchase Price has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of such aggregate Retraction Call Right Purchase Price has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so purchased by the Parent or Callco, as the case may be, shall thereafter be considered and deemed for all purposes to be a holder of the Parent Shares delivered to such holder.

7. Redemption of Exchangeable Shares by the Company

(a) Redemption Amount. Subject to applicable laws and the due exercise by the Parent or Callco of the Redemption Call Right, the Company shall on the Redemption Date redeem all but not less than all of the then outstanding Exchangeable Shares for an amount per share (the "**Redemption Price**") equal to the Exchangeable Share Price on the last Business Day prior to the Redemption Date, which price shall be satisfied in full by the Company delivering or causing to be delivered to each holder of Exchangeable Shares the Exchangeable Share Consideration for each Exchangeable Share held by such holder.

(b) Notice of Redemption. In the case of a redemption of Exchangeable Shares pursuant to Section 7(a), the Company shall, at least 30 days before the Redemption Date (other than a Redemption Date established in connection with a Parent Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event), send or cause to be sent to each holder of Exchangeable Shares a notice in writing of the redemption by the Company or the purchase by the Parent or Callco under the Redemption Call Right, as the case may be, of the Exchangeable Shares held by such holder. In the case of a Redemption Date established in connection with a Parent Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, the written notice of the redemption by the Company or the purchase by the Parent or Callco, as the case may be, of the Exchangeable Shares under the Redemption Call Right will be sent on or before the Redemption Date, on as many days prior written notice as may be determined by the Board of Directors to be reasonably practicable in the circumstances. In any such case, such notice shall set out the formula for determining the Redemption Price or the Redemption Call Purchase Price, as the case may be, the Redemption Date and, if applicable, particulars of the Redemption Call Right. In the case of any notice given in connection with a possible Redemption Date, such notice will be given contingently and will be withdrawn if the contingency does not occur.

(c) Payment of Redemption Price. On or after the Redemption Date, and provided that the Redemption Call Right has not been exercised by the Parent or Callco, the Company shall deliver or cause to be delivered to the holders of the Exchangeable Shares to be redeemed the Redemption Price for each such Exchangeable Share, upon presentation and surrender of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the BCBCA and the constating documents of the Company and such additional documents, instruments and payments as the Transfer Agent and the Company may reasonably require, at the registered office of the Company or at any office of the Transfer Agent as may be specified by notice to the holders of the Exchangeable Shares. Payment of the Redemption Price for such Exchangeable Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Company for the Exchangeable Shares or by holding for pick-up by the holder at the registered office of the Transfer Agent as may be specified by the Company by notice to the holders of Exchangeable Shares, the Exchangeable Share Consideration representing the Redemption Price. On and after the Redemption Date, the holders of the Exchangeable Shares called for redemption shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement) other than the right to receive their proportionate part of the total Redemption Price, unless payment of the total Redemption Price for such Exchangeable Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the Redemption Price has been paid in the manner hereinbefore provided. The Company shall have the right at any time after the sending of notice of its intention to redeem the Exchangeable Shares as aforesaid to deposit or cause to be deposited the total Redemption Price (in the form of Exchangeable Share Consideration) of the Exchangeable Shares so called for redemption, or of such of the said Exchangeable Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a custodial account with any chartered bank or trust company in Canada named in such notice and any interest earned on such deposit shall belong to the Company. Provided that such total Redemption Price has been so deposited prior to the Redemption Date, on and after the Redemption Date, the Exchangeable Shares shall be redeemed and the rights of the holders thereof after the Redemption Date shall be limited to receiving their proportionate part of the total Redemption Price for such Exchangeable Shares so deposited, against presentation and surrender of the certificates for the Exchangeable Shares held by them, respectively, in accordance with the foregoing provisions.

8. Purchase for Cancellation

(a) Private Agreement. Subject to applicable laws and the constating documents of the Company, and notwithstanding Section 8(b), the Company may at any time and from time to time purchase for cancellation all or any part of the Exchangeable Shares by private agreement with the holder thereof.

(b) Tender Offer. Subject to applicable laws and the constating documents of the Company, the Company may at any time and from time to time purchase for cancellation all or any part of the outstanding Exchangeable Shares at any price per share by tender to all the holders of record of Exchangeable Shares then outstanding together with an amount equal to all declared and unpaid dividends thereon for which the record date has occurred prior to the date of purchase. If in response to an invitation for tenders under the provisions of this Section 8(b) more Exchangeable Shares are tendered at a price or prices acceptable to the Company than the Company is prepared to purchase, the Exchangeable Shares to be purchased by the Company shall be purchased as nearly as may be pro rata according to the number of shares tendered by each holder who submits a tender to the Company, provided that when shares are tendered at different prices the pro rating shall be effected (disregarding fractions) only with respect to the shares tendered at the price at which more shares were tendered than the Company is prepared to purchase after the Company has purchased all the shares tendered at lower prices. If only part of the Exchangeable Shares represented by any certificate are purchased pursuant to this Section 8(b), a new certificate for the balance of such shares shall be issued at the expense of the Company.

9. Voting Rights

Except as required by applicable laws and by Section 11, the holders of the Exchangeable Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting. Without limiting the generality of the foregoing, the holders of the Exchangeable Shares shall not have class votes except as required by applicable law.

10. Specified Amount

The amount specified in respect of each Exchangeable Share for the purposes of subsection 191(4) of the *Income Tax Act* (Canada) shall be an amount equal to $_____.

11. Amendment and Approval

(a) Amendment. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.

(b) Approval. Any approval given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares in accordance with applicable laws shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable laws, subject to a minimum requirement that such approval be evidenced by resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 10% of the outstanding Exchangeable Shares at that time are present or represented by proxy; provided, however, that if at any such meeting the holders of at least 10% of the outstanding Exchangeable Shares at that time are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than five days thereafter and to such time and place as may be designated by the Chairman of such meeting. At such adjourned meeting, the holders of Exchangeable Shares present or represented by proxy thereat may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.

12. Reciprocal Changes, etc. in Respect of Parent Shares

(a) Each holder of an Exchangeable Share acknowledges that the Support Agreement provides, in part, that the Parent will not, except as provided in the Support Agreement, without the prior approval of the Company and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 11(b):

(i) issue or distribute Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares) to the holders of all or substantially all of the then outstanding Parent Shares by way of stock dividend or other distribution, other than an issue of Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares) to holders of Parent Shares (i) who exercise an option to receive dividends in Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares) in lieu of receiving cash dividends or (ii) pursuant to any dividend reinvestment plan or similar arrangement;

(ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding Parent Shares entitling them to subscribe for or to purchase Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares); or

(iii) issue or distribute to the holders of all or substantially all of the then outstanding Parent Shares:

A. shares or securities of the Parent of any class other than Parent Shares (or securities convertible into or exchangeable for or carrying rights to acquire Parent Shares);

B. rights, options or warrants other than those referred to in Section 12(a)(ii) above;

C. evidence of indebtedness of the Parent; or

D. assets of the Parent,

unless, in each case, (A) the Company is permitted under applicable law to issue or distribute the economic equivalent on a per share basis of such rights, options, warrants, securities, shares, evidences of indebtedness or other assets to the holders of the Exchangeable Shares and (B) the Company shall issue or distribute the economic equivalent of such rights, options, warrants, securities, shares, evidences of indebtedness or other assets simultaneously to holders of the Exchangeable Shares; provided, however, that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by the Parent in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Exchange Agreement.

(b) Each holder of an Exchangeable Share acknowledges that the Support Agreement further provides, in part, that for so long as any Exchangeable Shares not owned by the Parent or its affiliates are outstanding, the Parent will not without the prior approval of the Company and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 11(b):

(i) subdivide, redivide or change the then outstanding Parent Shares into a greater number of Parent Shares;

(ii) reduce, combine, consolidate or change the then outstanding Parent Shares into a lesser number of Parent Shares; or

(iii) reclassify or otherwise change the Parent Shares or effect an amalgamation, merger, reorganization or other transaction affecting the Parent Shares,

unless, in each case, (A) the Company is permitted under applicable law to make the same or an economically equivalent change to, or in the rights of holders of, the Exchangeable Shares and (B) the same or an economically equivalent change is made simultaneously to, or in the rights of the holders of, the Exchangeable Shares; provided, however, that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by the Parent in order to give effect to and to consummate the transactions contemplated by, and in accordance with the Exchange Agreement. The Support Agreement further provides, in part, that the aforesaid provisions of the Support Agreement shall not be changed without the approval of the holders of the Exchangeable Shares given in accordance with Section 11(b).

(c) Notwithstanding the foregoing provisions of this Section 12, in the event of an Parent Control Transaction:

(i) in which the Parent merges or amalgamates with, or in which all or substantially all of the then outstanding Parent Shares are acquired by one or more other corporations to which the Parent is, immediately before such merger, amalgamation or acquisition, related within the meaning of the *Income Tax Act* (Canada) (otherwise than virtue of a right referred to in paragraph 251(5)(b) thereof);

(ii) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of the definition of such term in Section 1(a); and

(iii) in which all or substantially all of the then outstanding Parent Shares are converted into or exchanged for shares or rights to receive such shares (the "**Other Shares**") of another corporation (the "**Other Corporation**") that, immediately after such Parent Control Transaction, owns or controls, directly or indirectly, the Parent;

then all references herein to "Parent" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "Parent Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments, if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of shares pursuant to these Exchangeable Share Provisions or the exchange of shares pursuant to the Voting and Exchange Trust Agreement immediately subsequent to the Parent Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, option or retraction of such shares pursuant to these Exchangeable Share Provisions or the exchange of such shares pursuant to the Voting and Exchange Trust Agreement had occurred immediately prior to the Parent Control Transaction and the Parent Control Transaction was completed) but subject to subsequent adjustments to reflect any subsequent changes in the share capital of the issuer of the Other Shares, including without limitation, any subdivision, consolidation or reduction of share capital, without any need to amend the terms and conditions of the Exchangeable Shares and without any further action required.

13. Actions by the Company under Support Agreement

(a) Actions by the Company. The Company will take all such actions and do all such things as shall be necessary or advisable to perform and comply with and to ensure performance and compliance by the Parent, Callco and the Company with all provisions of the Support Agreement applicable to the Parent, Callco and the Company, respectively, in accordance with the terms thereof including taking all such actions and doing all such things as shall be necessary or advisable to enforce to the fullest extent possible for the direct benefit of the Company all rights and benefits in favour of the Company under or pursuant to such agreement.

(b) Changes to the Support Agreement. The Company shall not propose, agree to or otherwise give effect to any amendment to, or waiver or forgiveness of its rights or obligations under, the Support Agreement without the approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) other than such amendments, waivers and/or forgiveness as may be necessary or advisable for the purposes of:

(i) adding to the covenants of any or all of the other parties to the Support Agreement if the board of directors of each of the Parent, Callco and the Company shall be of the good faith opinion that such additions will not be prejudicial in any material respect to the rights or interests of the holders of the Exchangeable Shares as a whole;

(ii) evidencing the succession of successors to the Parent either by operation of law or agreement to the liabilities and covenants of the Parent under the Support Agreement ("Parent **Successors**") and the covenants of and obligations assumed by each such the Parent Successor in accordance with the provisions of Article 3 of the Support Agreement;

(iii) making such amendments or modifications not inconsistent with the Support Agreement as may be necessary or desirable with respect to matters or questions arising thereunder which, in the good faith opinion of the board of directors of each of the Parent, Callco and the Company, having in mind the interests of the holders of the Exchangeable Shares as a whole, it may be expedient to make, provided that each such board of directors shall be of the good faith opinion, after consultation with counsel, that such amendments and modifications will not be prejudicial in any material respect to the rights or interests of the holders of the Exchangeable Shares as a whole; or

(iv) making such changes in or corrections to the Support Agreement which, on the advice of counsel to the Parent, Callco and the Company, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein, provided that the board of directors of each of the Parent, Callco and the Company shall be of the good faith opinion that such changes or corrections will not be prejudicial in any material respect to the rights or interests of the holders of the Exchangeable Shares as a whole.

14. Legend; Call Rights; Withholding Rights

(a) Legend. The certificates evidencing the Exchangeable Shares shall contain or have affixed thereto a legend in form and on terms approved by the Board of Directors with respect to the Support Agreement, the provisions of the Exchange Agreement relating to the Liquidation Call Right, the Redemption Call Right and the Change of Law Call Right, the Voting and Exchange Trust Agreement (including the provisions with respect to the voting rights and automatic exchange thereunder) and the Retraction Call Right.

(b) Call Rights. Each holder of an Exchangeable Share, whether of record or beneficial, by virtue of becoming and being such a holder shall be deemed to acknowledge each of the Liquidation Call Right, the Redemption Call Right, the Change of Law Call Right and the Retraction Call Right, in each case, in favour of the Parent and Callco, and the overriding nature thereof in connection with the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, or the retraction or redemption of Exchangeable Shares, as the case may be, and to be bound thereby in favour of the Parent and Callco as provided herein and in the Exchange Agreement.

(c) Withholding Rights. the Parent, Callco, the Company and the Transfer Agent shall be entitled to deduct and withhold from any dividend, distribution or other consideration otherwise payable to any holder of Exchangeable Shares such amounts as the Parent, Callco, the Company or the Transfer Agent, as the case may be, is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or United States tax laws or any provision of provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Exchangeable Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, the Parent, Callco, the Company and the Transfer Agent are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to the Parent, Callco, the Company or the Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement and the Parent, Callco, the Company or the Transfer Agent, as the case may be, shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

15. Notices

(a) Notices. Subject to applicable laws, any notice, request or other communication to be given to the Company by a holder of Exchangeable Shares shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by telecopy or by delivery to the registered office of the Company and addressed to the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, telecopy or delivery, shall only be deemed to have been given and received upon actual receipt thereof by the Company.

(b) Certificates. Any presentation and surrender by a holder of Exchangeable Shares to the Company or the Transfer Agent of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding-up of the Company or the retraction or redemption of Exchangeable Shares shall be made by first class mail (postage prepaid) or by delivery to the registered office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case, addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by first class mail (postage prepaid) shall be at the sole risk of the holder mailing the same.

(c) Notice to Shareholders.

(i) Subject to applicable laws, any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of the Company shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by delivery to the address of the holder recorded in the register of shareholders of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the third Business Day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant thereto.

(ii) In the event of any interruption of mail service immediately prior to a scheduled mailing or in the period following a mailing during which delivery normally would be expected to occur, the Company shall make reasonable efforts to disseminate any notice by other means, such as publication. Except as otherwise required or permitted by law, if post offices in Canada are not open for the deposit of mail, any notice which the Company or the Transfer Agent may give or cause to be given hereunder will be deemed to have been properly given and to have been received by holders of Exchangeable Shares if it is published once in any daily newspaper of general circulation published in the City of Vancouver.

(iii) Notwithstanding any other provisions of these Exchangeable Share Provisions, notices, other communications and deliveries need not be mailed if the Company determines that delivery thereof by mail may be delayed. Persons entitled to any deliveries (including certificates and cheques) which are not mailed for the foregoing reason may take delivery thereof at the office of the Transfer Agent to which the deliveries were made, upon application to the Transfer Agent, until such time as the Company has determined that delivery by mail will no longer be delayed. The Company will provide notice of any such determination not to mail made hereunder as soon as reasonably practicable after the making of such determination and in accordance with this Section 15(c). Such deliveries in such circumstances will constitute delivery to the persons entitled thereto.

16. Disclosure of Interests in Exchangeable Shares

The Company shall be entitled to require any holder of an Exchangeable Share or any person whom the Company knows or has reasonable cause to believe holds any interest whatsoever in an Exchangeable Share to (a) confirm that fact or (b) give such details as to whom has an interest in such Exchangeable Share, in each case as would be required (if the Exchangeable Shares were a class of "equity shares" of the Company) under the constating documents of the Parent or any laws or regulations applicable to the Company and/or the Parent, or pursuant to the rules or regulations of any regulatory agency applicable to the Company and/or the Parent, if and only to the extent that the Exchangeable Shares were Parent Shares.

APPENDIX I
RETRACTION REQUEST

[TO BE PRINTED ON EXCHANGEABLE SHARE CERTIFICATES]

To: DelMar Pharmaceuticals, Inc. ("Parent"), 0959454 B.C. Ltd. ("**Callco**") and 0959456 B.C. Ltd. (the "**Company**")

This notice is given pursuant to Section 6 of the share provisions (the "**Exchangeable Share Provisions**") attaching to the Exchangeable Shares of the Company represented by this certificate and all capitalized words and expressions used in this notice that are defined in the Exchangeable Share Provisions have the meanings ascribed to such words and expressions in such Exchangeable Share Provisions.

The undersigned hereby notifies the Company that, subject to the Retraction Call Right referred to below, the undersigned desires to have the Company redeem in accordance with Section 6 of the Exchangeable Share Provisions:

☐ all share(s) represented by this certificate; or

☐ share(s) only represented by this certificate.

The undersigned acknowledges the overriding Retraction Call Right of the Parent and Callco to purchase all but not less than all the Retracted Shares from the undersigned and that this notice is and shall be deemed to be a revocable offer by the undersigned to sell the Retracted Shares to the Parent or Callco in accordance with the Retraction Call Right on the Retraction Date for the Retraction Call Purchase Price and on the other terms and conditions set out in Section 6(b) of the Exchangeable Share Provisions. If neither the Parent nor Callco exercise the Retraction Call Right, the Company will notify the undersigned of such fact as soon as possible. This Retraction Request, and this offer to sell the Retracted Shares to the Parent or Callco, may be revoked and withdrawn by the undersigned only by notice in writing given to the Company at any time before the close of business on the Business Day immediately preceding the Retraction Date.

The undersigned acknowledges that if, as a result of solvency provisions of applicable law, the Company is unable to redeem all Retracted Shares, and provided that neither the Parent nor Callco has exercised the Retraction Call Right with respect to the Retracted Shares, the Retracted Shares will be automatically exchanged pursuant to the Voting and Exchange Trust Agreement so as to require the Parent to purchase the unredeemed Retracted Shares.

The undersigned hereby represents and warrants to the Parent, Callco and the Company that the undersigned:

☐ is

(select one)

☐ is not

a resident of Canada for purposes of the *Income Tax Act* (Canada). The undersigned acknowledges that in the absence of an indication that the undersigned is not a resident of Canada, withholding on account of Canadian tax may be made from amounts payable to the undersigned on the redemption or purchase of the Retracted Shares.

The undersigned hereby represents and warrants to the Parent, Callco and the Company that the undersigned has good title to, and owns, the share(s) represented by this certificate to be acquired by the Parent, Callco or the Company, as the case may be, free and clear of all liens, claims and encumbrances.

(Date)	(Signature of Shareholder)	(Guarantee of Signature)

☐ Please check box if the securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares are to be held for pick-up by the shareholder from the Transfer Agent at the principal office of the Transfer Agent in Vancouver, British Columbia, failing which such certificates and cheque(s) will be mailed to the last address of the shareholder as it appears on the register.

NOTE: This panel must be completed and this certificate, together with such additional documents and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent and the Company may require, must be deposited with the Transfer Agent at its principal transfer office in Vancouver, British Columbia. The securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares will be issued and registered in, and made payable to, respectively, the name of the shareholder as it appears on the register of the Company and the certificates for the securities and any cheque(s) resulting from such retraction or purchase will be delivered to such shareholder as indicated above, unless the form appearing immediately below is duly completed.

Date: _____

Name of Person in Whose Name Securities or Cheque(s)

Are to be Registered, Issued or Delivered (please print):_____

_____

_____

_____

Street Address or P.O. Box: _____

Signature of Shareholder: _____

City, Province and Postal Code: _____

Signature Guaranteed by: _____

NOTE: If this Retraction Request is for less than all of the shares represented by this certificate, a certificate representing the remaining share(s) of the Company represented by this certificate will be issued and registered in the name of the shareholder as it appears on the register of the Company, unless the share transfer power on the share certificate is duly completed in respect of such share(s).

Exhibit 10.1

INTERCOMPANY FUNDING AGREEMENT

This INTERCOMPANY FUNDING AGREEMENT (this "***Agreement***"), dated as of January 25, 2013 (the "***Effective Date***"), is by and between DELMAR PHARMACEUTICALS, INC., a Nevada corporation (the "***Parent***"), and 0959456 B.C. Ltd., a corporation incorporated under the laws of the Province of British Columbia ("***Exchangeco***"). The Parent and Exchangeco are sometimes referred to herein together as the "Parties" and each individually as a "Party".

Background

A. The Parties have entered into that certain exchange agreement, made as of January 25, 2013 (the "***Exchange Agreement***"), among: the Parties; 0959454 B.C. Ltd., a corporation incorporated under the laws of the Province of British Columbia; Del Mar Pharmaceuticals (BC) Ltd., a corporation incorporated under the laws of the Province of British Columbia ("***DelMar***"); and the securityholders of DelMar, who have signed or agree to be bound by the Exchange Agreement.

B. Pursuant to the Exchange Agreement, Exchangeco has agreed, among other things, to acquire all of common shares of DelMar (the "***DelMar Shares")*** held by the shareholders of DelMar who have signed the Exchange Agreement or who have agreed to be bound by the Exchange Agreement for aggregate consideration comprised of (1) 4,340,417 shares of Parent common stock (the "***Parent Shares***"), with an agreed upon Canadian Dollar equivalent value equal to the product of (x) the number of Parent Shares, multiplied by (y) a deemed price of US$ 0.80 per Parent Share, multiplied by (z) the noon spot exchange rate on the Effective Date required to express such value in Canadian Dollars, as reported by the Bank of Canada on its website at www.bankofcanada.ca (the "***Parent Share Consideration***") and (2) 8,729,583 exchangeable shares of Exchangeco.

C. In order to perform their respective obligations under the Exchange Agreement, the Parent desires to contribute to Exchangeco, and Exchangeco desires to acquire from the Parent, the Parent Shares in order for Exchangeco to pay the aggregate consideration contemplated by the Exchange Agreement; however, for the convenience of the Parties, Exchangeco desires that the Parent issue the Parent Shares directly to the DelMar shareholders as provided in the Exchange Agreement, and the Parent agrees to so issue the Parent Shares on behalf of Exchangeco, all as set forth in this Agreement.

Agreement

NOW, THEREFORE, in consideration of the premises and the agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Parent Contributions. At the request of and on behalf of Exchangeco, so as to enable Exchangeco to complete the acquisition of the DelMar Shares, held by the shareholders of DelMar who have signed the Exchange Agreement or who have agreed to be bound by the Exchange Agreement, pursuant to the Exchange Agreement, on the Effective Date, the Parent agrees, as a contribution to Exchangeco, to pay the Parent Share Consideration by issuing the Parent Shares directly to the DelMar shareholders.

2. Issuance of Exchangeco Shares. In consideration for the Parent's contributions set forth in Section 1 above, Exchangeco agrees to issue to the Parent 4,340,417 common shares in the capital of Exchangeco, which upon issuance shall be duly authorized, validly issued, fully paid and non-assessable, and to add an amount equal to the Parent Share Consideration to the stated capital account maintained by Exchangeco in respect of such common shares.

3. Representations and Warranties. Each Party represents and warrants to the other that: (a) it is duly authorized to execute and deliver this Agreement, and this Agreement and the transactions contemplated hereby have been duly authorized by all necessary corporate or other applicable action of such Party; (b) the performance by such Party of its obligations under this Agreement does not: (i) conflict with any contract or agreement binding upon such Party or its properties or (ii) violate or conflict with any order or decree binding upon such Party or its properties; (c) such Party has obtained all consents and approvals necessary for it to enter into and perform its obligations under this Agreement; and (d) this Agreement is enforceable against such Party in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability).

4. Entire Agreement; Modification. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the Parties, whether oral, written or implied, as to the subject matter hereof. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the Parties.

5. Further Documents. Each Party agrees to (a) execute any and all documents, instruments and agreements, (b) make any and all accounting entries and (c) do and perform any and all acts and things, in each case, that are necessary or proper to effectuate or further evidence the terms and provisions of this Agreement and the transactions contemplated by this Agreement.

6. Governing Law. This Agreement will be governed by and construed in accordance with the internal laws of the Province of British Columbia, without regard to the principles of conflicts of law.

7. Counterparts; Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart.

[the remainder of this page is left intentionally blank – signature page follows]

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed and delivered by its duly authorized representative as of the Effective Date.

DELMAR PHARMACEUTICALS, INC.

/s/ Lisa Guise
Lisa Guise
President

0959456 B.C. LTD.

/s/ Lisa Guise
Lisa Guise
President

Exhibit 10.2

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT made as of January 25, 2013 among DelMar Pharmaceuticals, Inc., a corporation existing under the laws of the State of Nevada (the "**Parent**"), 0959454 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia ("**Callco**"), and 0959456 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia ("**Exchangeco**").

RECITALS:

A. In connection with the exchange agreement (the "**Exchange Agreement**") made as of January 25, 2013 among the Parent, Exchangeco, Callco, Del Mar Pharmaceuticals (BC) Ltd., a corporation existing under the laws of the Province of British Columbia ("**DelMar**"), and the securityholders of DelMar, who have signed the Exchange Agreement or who have agreed to be bound by the Exchange Agreement, Exchangeco is to issue exchangeable shares ("**Exchangeable Shares**") to certain holders of common shares of DelMar pursuant to an acquisition (the "**Acquisition**") by Exchangeco of all of the common shares of DelMar held by the shareholders of DelMar who have signed the Exchange Agreement or who have agreed to be bound by the Exchange Agreement, on the terms and conditions set out in the Exchange Agreement.

B. Holders of Exchangeable Shares will be entitled to require Exchangeco to redeem such Exchangeable Shares and, upon such redemption, each Exchangeable Share so redeemed shall be exchanged by Exchangeco for one share of common stock of the Parent (each, a "**Parent Share**").

C. The parties desire to make appropriate provision and to establish a procedure whereby the Parent will take certain actions and make certain payments and deliveries necessary to ensure that Callco and Exchangeco will be able to make certain payments and to deliver or cause to be delivered Parent Shares in satisfaction of the obligations of Callco and/or Exchangeco under the Exchangeable Share Provisions (as hereinafter defined) and this Agreement.

D. Pursuant to the Exchange Agreement, the Parent, Callco and Exchangeco are required to enter into a support agreement substantially in the form of this Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

In this Agreement, each capitalized term used and not otherwise defined herein shall have the meaning ascribed thereto in the rights, privileges, restrictions and conditions (collectively, the "**Exchangeable Share Provisions**") attaching to the Exchangeable Shares as set out in the articles of Exchangeco.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. Unless otherwise specified, references to an "Article" or "Section" refer to the specified Article or Section of this Agreement.

1.3 Number and Gender

Unless the context otherwise clearly requires, words used herein importing the singular include the plural and vice versa and words imparting any gender shall include all genders.

1.4 Date of any Action

If any date on which any action is required to be taken hereunder by any person is not a Business Day (as that term is defined in the Exchange Agreement), then such action shall be required to be taken on the next succeeding day which is a Business Day.

ARTICLE 2

COVENANTS OF THE PARENT AND EXCHANGECO

2.1 Covenants Regarding Exchangeable Shares

So long as any Exchangeable Shares not owned by the Parent or its affiliates are outstanding, the Parent shall:

(a) not declare or pay any dividend or make any other distribution on the Parent Shares unless:

(i) Exchangeco shall (A) simultaneously declare or pay, as the case may be, an equivalent dividend or other distribution economically equivalent thereto (as determined in accordance with the Exchangeable Share Provisions) on the Exchangeable Shares (an "**Equivalent Dividend**") and (B) have sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable law and the Exchangeable Share Provisions, of any such Equivalent Dividend; or

(ii) if the dividend is a stock dividend or distribution of stock, in lieu of such a dividend, on the Parent Shares, Exchangeco shall (A) effect a corresponding, contemporaneous and economically equivalent subdivision of the Exchangeable Shares (as determined in accordance with the Exchangeable Share Provisions) (an "**Equivalent Stock Subdivision**") and (B) have sufficient authorized but unissued securities available to enable the Equivalent Stock Subdivision;

(b) advise Exchangeco sufficiently in advance of the declaration by the Parent of any dividend or other distribution on the Parent Shares and take all such other actions as are reasonably necessary or desirable, in co-operation with Exchangeco, to ensure that:

(i) the respective declaration date, record date and payment date for an Equivalent Dividend shall be the same as the declaration date, record date and payment date for the corresponding dividend or other distribution on the Parent Shares; or

(ii) the record date and effective date for an Equivalent Stock Subdivision shall be the same as the record date and payment date for the corresponding stock dividend or distribution of stock, in lieu of such a dividend, on the Parent Shares and that such Equivalent Stock Subdivision shall comply with the requirements of the stock exchange on which the Exchangeable Shares are then listed;

(c) ensure that the record date for determining shareholders entitled to receive any dividend or other distribution declared on the Parent Shares is not less than ten Business Days after the declaration date of such dividend or other distribution or such shorter period as may be permitted under applicable law and, if applicable, the requirements of any stock exchange on which the Exchangeable Shares are then listed;

(d) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit Exchangeco, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price upon the liquidation, dissolution or winding-up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs, the delivery of a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by Exchangeco, as the case may be, including all such actions and all such things as are necessary or desirable to enable and permit Exchangeco to deliver or cause to be delivered Parent Shares or other property to the holders of Exchangeable Shares in accordance with the provisions of Sections 5, 6 or 7, as the case may be, of the Exchangeable Share Provisions;

(e) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit the Parent or Callco, as the case may be, in accordance with applicable law, to perform its obligations arising upon the exercise by it of the Liquidation Call Right, the Retraction Call Right, the Change of Law Call Right or the Redemption Call Right (as defined in the Exchange Agreement), including all such actions and all such things as are necessary or desirable to enable and permit the Parent or Callco, as the case may be, to deliver or cause to be delivered Parent Shares or other property to the holders of Exchangeable Shares in accordance with the provisions of the Liquidation Call Right, the Retraction Call Right, the Change of Law Call Right or the Redemption Call Right, as the case may be; and

(f) not exercise its vote as a shareholder of Exchangeco to initiate the voluntary liquidation, dissolution or winding up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs, nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs.

2.2 Segregation of Funds

The Parent shall cause Exchangeco to deposit a sufficient amount of funds in a separate account of Exchangeco and segregate a sufficient amount of such other assets and property as is necessary to enable Exchangeco to pay dividends when due and to pay or otherwise satisfy its respective obligations with respect to the applicable dividend, Liquidation Amount, Retraction Price or Redemption Price, in each case once such amounts become payable under the terms of this Agreement or the Exchangeable Share Provisions. Exchangeco will use such funds, assets and property so segregated exclusively for the payment of dividends and the payment or other satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price.

2.3 Reservation of Parent Shares

The Parent hereby represents, warrants and covenants in favour of Exchangeco and Callco that the Parent has reserved for issuance and shall, at all times while any Exchangeable Shares are outstanding, keep available, free from pre-emptive and other rights, out of its authorized and unissued capital stock, such number of Parent Shares (or other shares or securities into which Parent Shares may be reclassified or changed as contemplated by Section 2.7):

(a) as is equal to the sum of (i) the number of Exchangeable Shares issued and outstanding from time to time and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time; and

(b) as are now and may hereafter be required to enable and permit each of the Parent, Callco and Exchangeco to meet its obligations under the Voting and Exchange Trust Agreement, the Exchangeable Share Provisions and any other security or commitment relating to the Acquisition pursuant to which the Parent, Callco or Exchangeco may now or hereafter be required to issue or deliver Parent Shares.

2.4 Notification of Certain Events

In order to assist the Parent to comply with its obligations hereunder and to permit the Parent or Callco to exercise, as the case may be, the Liquidation Call Right, the Retraction Call Right, the Change of Law Call Right or the Redemption Call Right, as applicable, Exchangeco shall notify the Parent and Callco of each of the following events at the time set forth below:

(a) in the event of any determination by the board of directors of Exchangeco to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Exchangeco or to effect any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs, at least 30 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution;

(b) promptly upon the earlier of (i) receipt by Exchangeco of notice of and (ii) Exchangeco otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of Exchangeco or to effect any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs;

(c) immediately, upon receipt by Exchangeco of a Retraction Request;

(d) on the same date on which notice of redemption is given to holders of Exchangeable Shares, upon the determination of a Redemption Date in accordance with the Exchangeable Share Provisions;

(e) as soon as practicable upon the issuance by Exchangeco of any Exchangeable Shares or rights to acquire Exchangeable Shares (other than the issuance of Exchangeable Shares and rights to acquire Exchangeable Shares pursuant to the Acquisition); and

(f) promptly, upon receiving notice of a Change of Law (as such term is defined in the Exchange Agreement).

2.5 Delivery of Parent Shares

Upon notice from Callco or Exchangeco of any event that requires Callco or Exchangeco to deliver or cause to be delivered Parent Shares to any holder of Exchangeable Shares, the Parent shall forthwith issue and deliver or cause to be delivered the requisite number of shares of Parent Shares to Callco or Exchangeco, as appropriate, and Callco or Exchangeco, as the case may be, shall forthwith deliver or cause to be delivered the requisite number of Parent Shares to or for the benefit of the former holder of the surrendered Exchangeable Shares. All such Parent Shares shall be duly authorized and validly issued as fully paid, non-assessable, free of pre-emptive rights and shall be free and clear of any lien, claim or encumbrance. In consideration for the issuance and delivery of each such Parent Share, Callco or Exchangeco, as the case may be, shall subscribe a cash amount or pay a purchase price equal to the fair market value of the Parent Shares, and the Parent shall contribute or cause to be contributed to the capital of Callco or Exchangeco, as the case may be, the cash necessary for Callco or Exchangeco, as the case may be, to effect such subscription or payment.

2.6 Qualification of Parent Shares

(a) The Parent covenants that it will use its reasonable best efforts to make such filings and seek such regulatory consents and approvals, if any, as are necessary so that the Parent Shares to be issued to holders of Exchangeable Shares pursuant to the terms of the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and this Agreement will be issued in compliance with the applicable securities laws in Canada and the United States (other than by reason of a holder being a ''control person'' of the Parent for purposes of Canadian federal, provincial or territorial securities laws or by holders who are Affiliates of the Parent within the meaning of U.S. securities laws). The Parent will in good faith expeditiously take all such actions and do all such things as are reasonably necessary or desirable to cause all Parent Shares to be delivered hereunder to be listed, quoted and posted for trading on all stock exchanges and quotation systems on which outstanding Parent Shares have been listed by the Parent and remain listed and are quoted or posted for trading at such time.

(b) Notwithstanding any other provision of the Exchangeable Share Provisions, or any term of this Agreement, the Voting and Exchange Trust Agreement or the Exchange Agreement**,** no Parent Shares shall be issued (and the Parent will not be required to issue any Parent Shares) in connection with any liquidation, dissolution or winding-up of Exchangeco, or any retraction, redemption or any other exchange, direct or indirect, of Exchangeable Shares, if such issuance of Parent Shares would not be permitted by applicable laws.

2.7 Economic Equivalence

So long as any Exchangeable Shares not owned by the Parent or its affiliates are outstanding:

(a) The Parent shall not without prior approval of Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) of the Exchangeable Share Provisions:

(i) issue or distribute Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares) to the holders of all or substantially all of the then outstanding Parent Shares by way of stock dividend or other distribution, other than an issue of Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares) to holders of Parent Shares (A) who exercise an option to receive dividends in Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares) in lieu of receiving cash dividends or (B) pursuant to any dividend reinvestment plan or similar arrangement; or

(ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding Parent Shares entitling them to subscribe for or to purchase Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares); or

(iii) issue or distribute to the holders of all or substantially all of the then outstanding Parent Shares (A) shares or securities of the Parent of any class other than Parent Shares (or securities convertible into or exchangeable for or carrying rights to acquire Parent Shares), (B) rights, options, warrants or other assets other than those referred to in Section 2.7(a)(ii), (C) evidence of indebtedness of the Parent or (D) assets of the Parent,

unless, in each case, (x) Exchangeco is permitted under applicable law to issue or distribute the economic equivalent on a per share basis of such rights, options, warrants, securities, shares, evidences of indebtedness or other assets to holders of the Exchangeable Shares and (y) Exchangeco shall issue or distribute the economic equivalent of such rights, options, warrants, securities, shares, evidences of indebtedness or other assets simultaneously to holders of the Exchangeable Shares, provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by the Parent in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Exchange Agreement.

(b) The Parent shall not without the prior approval of Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) of the Exchangeable Share Provisions:

(i) subdivide, redivide or change the then outstanding Parent Shares into a greater number of Parent Shares; or

(ii) reduce, combine, consolidate or change the then outstanding Parent Shares into a lesser number of Parent Shares; or

(iii) reclassify or otherwise change Parent Shares or effect an amalgamation, merger, arrangement, reorganization or other transaction affecting Parent Shares;

unless, in each case, (x) Exchangeco is permitted under applicable law to make the same or an economically equivalent change to, or in the rights of holders of, the Exchangeable Shares, and (y) the same or an economically equivalent change is made simultaneously to, or in the rights of the holders of, the Exchangeable Shares, provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by the Parent in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Exchange Agreement.

(c) The Parent shall ensure that the record date for any event referred to in Section 2.7(a) or Section 2.7(b) or, if no record date is applicable for such event, the effective date for any such event is not less than ten Business Days after the date on which such event is declared or announced by the Parent (with contemporaneous notification thereof by the Parent to Exchangeco).

(d) The board of directors of Exchangeco shall determine, in good faith and in its sole discretion (with the assistance of such financial or other advisors as the board of may determine), "economic equivalence" for the purposes of any event referred to in Section 2.7(a) or Section 2.7(b) and each such determination shall be conclusive and binding on the Parent. In making each such determination, the following factors shall, without excluding other factors determined by the board of directors of Exchangeco to be relevant, be considered by the board of directors of Exchangeco:

(i) in the case of any stock dividend or other distribution payable in Parent Shares, the number of such shares issued in proportion to the number of Parent Shares previously outstanding;

(ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase Parent Shares (or securities exchangeable for or convertible into or carrying rights to acquire Parent Shares), the relationship between the exercise price of each such right, option or warrant, the Current Market Price of a Parent Share, the volatility of Parent Shares and the terms of any such instrument;

(iii) in the case of the issuance or distribution of any other form of property (including any shares or securities of the Parent of any class other than Parent Shares, any rights, options or warrants other than those referred to in Section 2.7(d)(ii), any evidences of indebtedness of the Parent or any assets of the Parent), the relationship between the fair market value (as determined by the board of directors of Exchangeco in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding Parent Share and the Current Market Price of a Parent Share;

(iv) in the case of any subdivision, redivision or change of the then outstanding Parent Shares into a greater number of Parent Shares or the reduction, combination, consolidation or change of the then outstanding Parent Shares into a lesser number of Parent Shares or any amalgamation, merger, arrangement, reorganization or other transaction affecting Parent Shares, the effect thereof upon the then outstanding Parent Shares; and

(v) in all such cases, the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of Parent Shares as a result of differences between taxation laws of Canada and the United States (except for any differing consequences arising as a result of differing withholding taxes and marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).

(e) Exchangeco agrees that, to the extent required, upon due notice from the Parent, Exchangeco shall use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by Exchangeco, or subdivisions, redivisions or changes are made to the Exchangeable Shares, in order to implement the required economic equivalence with respect to the Parent Shares and Exchangeable Shares as provided for in this Section 2.7.

2.8 Tender Offers

In the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Parent Shares (an "**Offer**") is proposed by the Parent or is proposed to the Parent or its shareholders and is recommended by the board of directors of the Parent, or is otherwise effected or to be effected with the consent or approval of the board of directors of the Parent, and the Exchangeable Shares are not redeemed by Exchangeco or purchased by the Parent or Callco pursuant to the Redemption Call Right, the Parent and Exchangeco will use reasonable best efforts to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Exchangeable Shares (other than the Parent and its affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Parent Shares, without discrimination. Without limiting the generality of the foregoing, the Parent and Exchangeco will use reasonable best efforts expeditiously and in good faith to ensure that holders of Exchangeable Shares may participate in each such Offer without being required to retract Exchangeable Shares as against Exchangeco (or, if so required, to ensure that any such retraction shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer). Nothing herein shall affect the rights of Exchangeco to redeem, or the Parent or Callco to purchase pursuant to the Redemption Call Right, Exchangeable Shares in the event of a Parent Control Transaction.

2.9 The Parent and Affiliates Not to Vote Exchangeable Shares

Each of the Parent and Callco covenants and agrees that it shall appoint and cause to be appointed proxyholders with respect to all Exchangeable Shares held by it and its affiliates for the sole purpose of attending each meeting of holders of Exchangeable Shares in order to be counted as part of the quorum for each such meeting. Each of the Parent and Callco further covenants and agrees that it shall not, and shall cause its affiliates not to, exercise any voting rights which may be exercisable by holders of Exchangeable Shares from time to time pursuant to the Exchangeable Share Provisions or pursuant to the provisions of the *Business Corporations Act* (British Columbia) (or any successor or other corporate statute by which Exchangeco may in the future be governed) with respect to any Exchangeable Shares held by it or by its affiliates in respect of any matter considered at any meeting of holders of Exchangeable Shares, provided however, for further clarity, that this Section 2.9 shall not in any way restrict Callco's right to vote its common shares of Exchangeco in accordance with the Exchangeable Share Provisions.

2.10 Ordinary Market Purchases

For certainty, nothing contained in this Agreement, including the obligations of the Parent contained in Section 2.8, shall limit the ability of the Parent (or any of its affiliates) to make ordinary market purchases of Parent Shares in accordance with applicable laws and regulatory or stock exchange requirements.

2.11 Ownership of Outstanding Shares

Without the prior approval of Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) of the Exchangeable Share Provisions, the Parent covenants and agrees in favour of Exchangeco that, as long as any Exchangeable Shares not owned by the Parent or its affiliates are outstanding, the Parent will be and remain the direct or indirect beneficial owner of all issued and outstanding common shares in the capital of Exchangeco and Callco. Notwithstanding the foregoing, the Parent shall not be in violation of this Section 2.11 if any person or group of persons acting jointly or in concert acquires all or substantially all of the assets of the Parent or the Parent Shares pursuant to any merger of the Parent pursuant to which the Parent was not the surviving corporation.

ARTICLE 3

PARENT SUCCESSORS

3.1 Certain Requirements in Respect of Combination, etc.

So long as any Exchangeable Shares not owned by the Parent or its affiliates are outstanding, the Parent shall not enter into any transaction (whether by way of reconstruction, reorganization, consolidation, arrangement, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom, provided that it may do so if:

(a) such other person or continuing corporation (the "**Parent Successor**") by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are necessary or advisable to evidence the assumption by the Parent Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Parent Successor to pay and deliver or cause to be paid and delivered the same and its agreement to observe and perform all the covenants and obligations of the Parent under this Agreement; and

(b) such transaction shall be upon such terms and conditions as to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of the Exchangeable Shares.

3.2 Vesting of Powers in Successor

Whenever the conditions of Section 3.1 have been duly observed and performed, the parties, if required by Section 3.1, shall execute and deliver the supplemental agreement provided for in Section 3.1(a) and thereupon the Parent Successor and such other person that may then be the issuer of the Parent Shares shall possess and from time to time may exercise each and every right and power of the Parent under this Agreement in the name of the Parent or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of the Parent or any officers of the Parent may be done and performed with like force and effect by the directors or officers of such Parent Successor.

3.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing (a) the amalgamation or merger of any wholly-owned direct or indirect subsidiary of the Parent with or into the Parent, (b) the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of the Parent, provided that all of the assets of such subsidiary are transferred to the Parent or another wholly-owned direct or indirect subsidiary of the Parent, (c) any other distribution of the assets of any wholly-owned direct or indirect subsidiary of the Parent among the shareholders of such subsidiary for the purpose of winding up its affairs and (d) any such transactions are expressly permitted by this Article 3.

3.4 Successorship Transaction

Notwithstanding the foregoing provisions of this Article 3, in the event of a Parent Control Transaction:

(a) in which the Parent merges or amalgamates with, or in which all or substantially all of the then outstanding Parent Shares are acquired by, one or more other corporations to which the Parent is, immediately before such merger, amalgamation or acquisition, "related" within the meaning of the *Income Tax Act* (Canada) (otherwise than by virtue of a right referred to in paragraph 251(5)(b) thereof);

(b) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of that definition; and

(c) in which all or substantially all of the then outstanding Parent Shares are converted into or exchanged for shares or rights to receive such shares (the "**Other Shares**") or another corporation (the "**Other Corporation**") that, immediately after such Parent Control Transaction, owns or controls, directly or indirectly, the Parent;

then all references herein to "the Parent" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "Parent Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 4 of the Exchange Agreement or exchange of such shares pursuant to the Voting and Exchange Trust Agreement immediately subsequent to the Parent Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 4 of the Exchange Agreement, or exchange of such shares pursuant to the Voting and Exchange Trust Agreement had occurred immediately prior to the Parent Control Transaction and the Parent Control Transaction was completed) without any need to amend the terms and conditions of the Exchangeable Shares and without any further action required.

ARTICLE 4

GENERAL

4.1 Term

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) are held by any person other than the Parent and any of its affiliates.

4.2 Changes in Capital of the Parent and Exchangeco

Notwithstanding the provisions of Section 4.4, at all times after the occurrence of any event contemplated pursuant to Section 2.7 and Section 2.8 or otherwise, as a result of which either Parent Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which Parent Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing giving effect to and evidencing such necessary amendments and modifications.

4.3 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.4 Amendments, Modifications

Subject to Section 4.2, Section 4.3 and Section 4.5, this Agreement may not be amended or modified except by an agreement in writing executed by the Parent, Callco and Exchangeco and approved by the holders of the Exchangeable Shares in accordance with Section 11(b) of the Exchangeable Share Provisions. No amendment or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

4.5 Ministerial Amendments

Notwithstanding the provisions of Section 4.4, the parties to this Agreement may in writing at any time and from time to time, without the approval of the holders of the Exchangeable Shares, amend or modify this Agreement for the purposes of:

(a) adding to the covenants of any or all parties hereto if the board of directors of each of the Parent, Callco and Exchangeco shall be of the good faith opinion that such additions will not be prejudicial in any material respect to the rights or interests of the holders of the Exchangeable Shares as a whole;

(b) evidencing the succession of Parent Successors and the covenants of and obligations assumed by each such Parent Successor in accordance with the provisions of Article 3;

(c) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions arising hereunder which, in the good faith opinion of the board of directors of each of the Parent, Callco and Exchangeco, having in mind the interests of the holders of the Exchangeable Shares as a whole, it may be expedient to make, provided that each such board of directors shall be of the good faith opinion, after consultation with counsel, that such amendments or modifications will not be prejudicial in any material respect to the rights or interests of the holders of the Exchangeable Shares as a whole; or

(d) making such changes or corrections hereto which, on the advice of counsel to the Parent, Callco and Exchangeco, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, provided that the boards of directors of each of the Parent, Callco and Exchangeco shall be of the good faith opinion that such changes or corrections will not be prejudicial in any material respect to the rights or interests of the holders of the Exchangeable Shares as a whole.

4.6 Meeting to Consider Amendments

Exchangeco, at the request of the Parent, shall call a meeting or meetings of the holders of the Exchangeable Shares for the purpose of considering any proposed amendment or modification requiring approval pursuant to Section 4.4. Any such meeting or meetings shall be called and held in accordance with the constating documents of Exchangeco, the Exchangeable Share Provisions and all applicable laws.

4.7 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

4.8 Notices to Parties

Any notice and other communications required or permitted to be given pursuant to this Agreement shall be sufficiently given if delivered in person or if sent by facsimile transmission (provided such transmission is recorded as being transmitted successfully) to the parties at the following addresses:

(a) In the case of the Parent, Callco or Exchangeco to the following addresses:

DelMar Pharmaceuticals, Inc.

36 Mclean Street

Red Bank, NJ 07701

USA

Attn: Lisa Guise

Fax: 732-865-4252

Email: Soar222@yahoo.com

with a copy to (which shall not constitute notice):

Synergy Law Group, L.L.C.

730 W. Randolph Street, 6th Floor

Chicago, IL 60661

USA

Attn: Carol S. McMahan

Fax: 312-454-0261

Email: cmcmahan@synergylawgroup.com

or at such other address as the party to which such notice or other communication is to be given has last notified the party given the same in the manner provided in this section, and if not given the same shall be deemed to have been received on the date of such delivery or sending.

4.9 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

4.10 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. Each party hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia with respect to any matter arising hereunder or related hereto.

[the remainder of this page is left intentionally blank – signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

DELMAR PHARMACEUTICALS, INC.

/s/ *Lisa Guise*
Lisa Guise
President

0959454 B.C. LTD.

/s/ *Lisa Guise*
Lisa Guise
President

0959456 B.C. LTD.

/s/ *Lisa Guise*
Lisa Guise
President

Exhibit 10.3

VOTING AND EXCHANGE TRUST AGREEMENT

THIS VOTING AND EXCHANGE TRUST AGREEMENT made as of January 25, 2013 among DelMar Pharmaceuticals, Inc., a corporation existing under the laws of the State of Nevada (the "**Parent**"), 0959454 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia ("**Callco**"), 0959456 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia ("**Exchangeco**") and Computershare Trust Company of Canada, a trust company incorporated under the laws of Canada (the "**Trustee**").

RECITALS:

A. In connection with the exchange agreement (the "**Exchange Agreement**") made as of January 25, 2013 among the Parent, Exchangeco, Callco, Del Mar Pharmaceuticals (BC) Ltd., a corporation existing under the laws of the Province of British Columbia ("**DelMar**"), and the securityholders of DelMar, who have signed the Exchange Agreement or who have agreed to be bound by the Exchange Agreement, Exchangeable Shares (as defined therein) are to be issued to certain holders of common shares of DelMar who have signed the Exchange Agreement or who have agreed to be bound by the Exchange Agreement.

B. Holders of Exchangeable Shares will be entitled to require Exchangeco to redeem such Exchangeable Shares and, upon such redemption, each Exchangeable Share so redeemed shall be exchanged by Exchangeco for one share of common stock of the Parent (each, a "**Parent Share**").

C. The parties desire to make appropriate provision and to establish a procedure whereby voting rights in the Parent shall be exercisable by the Beneficiaries (as hereinafter defined) from time to time by and through the Trustee, which will hold legal title to the Special Voting Share (as hereinafter defined) to which voting rights attach for the benefit of the Beneficiaries.

D. Pursuant to the Exchange Agreement, the Parent, Callco and Exchangeco are required to enter into a voting and exchange trust agreement substantially in the form of this Agreement.

E. These recitals and any statements of fact in this Agreement are made by the Parent, Callco and Exchangeco and not by the Trustee.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, each capitalized term used and not otherwise defined herein shall have the meaning ascribed thereto in the rights, privileges, restrictions and conditions (collectively, the "**Exchangeable Share Provisions**") attaching to the Exchangeable Shares as set out in the articles of Exchangeco and the following terms shall have the following meanings:

"**Automatic Exchange Right**" has the meaning ascribed thereto in Section 5.10(b);

"**Beneficiaries**" means the registered holders from time to time of Exchangeable Shares, other than the Parent and its affiliates;

"**Beneficiary Votes**" has the meaning ascribed thereto in Section 4.2;

"**Callco**" has the meaning ascribed thereto in the introductory paragraph;

"**Change of Law Call Right**" has the meaning ascribed thereto in the Exchange Agreement;

"**Equivalent Vote Amount**" means, with respect to any matter, proposition, proposal or question on which holders of Parent Shares are entitled to vote, consent or otherwise act, the number of votes to which a holder of one Parent Share is entitled with respect to such matter, proposition or question;

"**Exchange Agreement**" has the meaning ascribed thereto in Recital A;

"**Exchange Right**" has the meaning ascribed thereto in Section 5.1(a);

"**Exchangeco**" has the meaning ascribed thereto in the introductory paragraph;

"**Indemnified Parties**" has the meaning ascribed thereto in Section 8.1(a);

"**Insolvency Event**" means (i) the institution by Exchangeco of any proceeding to be adjudicated a bankrupt or insolvent or to be dissolved or wound up, or the consent of Exchangeco to the institution of bankruptcy, insolvency, dissolution or winding-up proceedings against it, (ii) the filing by Exchangeco of a petition, answer or consent seeking dissolution or winding-up under any bankruptcy, insolvency or analogous laws, including the *Companies Creditors' Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), or the failure by Exchangeco to contest in good faith any such proceedings commenced in respect of Exchangeco within 30 days of becoming aware thereof, or the consent by Exchangeco to the filing of any such petition or to the appointment of a receiver, (iii) the making by Exchangeco of a general assignment for the benefit of creditors, or the admission in writing by Exchangeco of its inability to pay its debts generally as they become due, or (iv) Exchangeco not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to Section 6(a)(iii) of the Exchangeable Share Provisions specified in a retraction request delivered to Exchangeco in accordance with Section 6 of the Exchangeable Share Provisions;

"**Liquidation Event**" has the meaning ascribed thereto in Section 5.10(a);

"**Liquidation Event Effective Date**" has the meaning ascribed thereto in Section 5.10(c);

"**List**" has the meaning ascribed thereto in Section 4.6;

"**Officer's Certificate**" means, with respect to the Parent, Callco or Exchangeco, as the case may be, a certificate signed by any one of the chairman of the board, the president, the chief executive officer, the chief financial officer or any other executive officer of the Parent, Callco or Exchangeco, as the case may be;

"**Other Corporation**" has the meaning ascribed thereto in Section 10.4(c);

"**Other Shares**" has the meaning ascribed thereto in Section 10.4(c);

"**Parent**" has the meaning ascribed thereto in the introductory paragraph;

"**Parent Consent**" has the meaning ascribed thereto in Section 4.2;

"**Parent Meeting**" has the meaning ascribed thereto in Section 4.2;

"**Parent Share**" has the meaning ascribed thereto in Recital B;

"**Parent Successor**" has the meaning ascribed thereto in Section 10.1(a);

"**Privacy Laws**" has the meaning ascribed thereto in Section 6.18;

"**Retracted Shares**" has the meaning ascribed thereto in Section 5.7;

"**Special Voting Share**" means the special voting share in the capital of the Parent, issued by the Parent to the Trustee in certificated form, which, at any time, entitles the holder of record to that number of votes at meetings of holders of Parent Shares equal to the number of Exchangeable Shares outstanding at such time (excluding Exchangeable Shares held by the Parent and its affiliates);

"**Support Agreement**" means the support agreement dated the date hereof between the Parent, Callco and Exchangeco, substantially in the form of Schedule D to the Exchange Agreement;

"**Trust Estate**" means the Special Voting Share, any other securities, the Exchange Right, the Automatic Exchange Right and any money or other property which may be held by the Trustee from time to time pursuant to this Agreement;

"**Trust**" means the trust created by this Agreement;

"**Trustee**" has the meaning ascribed thereto in the introductory paragraph; and

"**Voting Rights**" means the voting rights attached to the Special Voting Share.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. Unless otherwise specified, references to an "Article" or "Section" refer to the specified Article or Section of this Agreement.

1.3 Number, Gender, etc.

Unless the context otherwise clearly requires, words used herein importing the singular include the plural and vice versa and words imparting any gender shall include all genders.

1.4 Date for any Action

If any date on which any action is required to be taken hereunder by any person is not a Business Day, then such action shall be required to be taken on the next succeeding day which is a Business Day.

ARTICLE 2

PURPOSE OF AGREEMENT

2.1 Establishment of Trust

The purpose of this Agreement is to create the Trust for the benefit of the Beneficiaries as herein provided. The Parent, as the settlor of the Trust, hereby appoints the Trustee as trustee of the Trust. The Trustee shall hold the Special Voting Share in order to enable the Trustee to exercise the Voting Rights and shall hold the Exchange Right and the Automatic Exchange Right in order to enable the Trustee to exercise or enforce such rights, in each case as trustee for and on behalf of the Beneficiaries as provided in this Agreement.

ARTICLE 3

SPECIAL VOTING SHARE

3.1 Issue and Ownership of the Special Voting Share

Immediately following execution and delivery of this Agreement, the Parent shall issue to the Trustee in certificated form the Special Voting Share to be hereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the Beneficiaries and in accordance with the provisions of this Agreement. The Parent hereby acknowledges receipt from the Trustee, as trustee for and on behalf of the Beneficiaries, of $1.00 and other good and valuable consideration (and the adequacy thereof) for the issuance of the Special Voting Share by the Parent to the Trustee. During the term of the Trust, and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Special Voting Share and shall be entitled to exercise all of the rights and powers of an owner with respect to the Special Voting Share; provided, however, that:

(a) the Trustee shall hold the Special Voting Share and the legal title thereto as trustee solely for the use and benefit of the Beneficiaries in accordance with the provisions of this Agreement; and

(b) except as specifically authorized by this Agreement, the Trustee shall have no power or authority to sell, transfer, vote or otherwise deal in or with the Special Voting Share and the Special Voting Share shall not be used or disposed of by the Trustee for any purpose other than the purposes for which this Trust is created pursuant to this Agreement.

3.2 Legended Share Certificates

Exchangeco shall cause each certificate representing Exchangeable Shares to bear a legend notifying the Beneficiary of such shares of his, her or its right to instruct the Trustee with respect to the exercise of that portion of the Voting Rights which corresponds to the number of Exchangeable Shares held by each such Beneficiary.

ARTICLE 4

EXERCISE OF VOTING RIGHTS

4.1 Voting Rights

The Trustee, as the holder of record of the Special Voting Share, shall be entitled to exercise all of the Voting Rights, including the right to consent to or vote in person or by proxy the Special Voting Share, on any matter, question, proposal or proposition whatsoever that may properly come before the shareholders of the Parent at a Parent Meeting or is the subject of a Parent Consent. The Voting Rights shall be and remain vested in and exercised by the Trustee subject to the terms of this Agreement. Subject to Section 6.15:

(a) the Trustee shall exercise the Voting Rights only on the basis of instructions received pursuant to this Article 4 from Beneficiaries on the record date established by the Parent or by applicable law for such Parent Meeting or Parent Consent who are entitled to instruct the Trustee as to the voting thereof; and

(b) to the extent that no instructions are received from a Beneficiary with respect to the Voting Rights in respect of which such Beneficiary is entitled to instruct the Trustee, the Trustee shall not exercise or permit the exercise of such Voting Rights.

4.2 Number of Votes

With respect to all meetings of shareholders of the Parent at which holders of Parent Shares are entitled to vote (each, a "**Parent Meeting**") and with respect to all written consents sought from holders of Parent Shares (each, a "**Parent Consent**"), each Beneficiary shall be entitled to instruct the Trustee to cast and exercise, in the manner instructed, that number of votes equal to the Equivalent Vote Amount for each Exchangeable Share owned of record by such Beneficiary at the close of business on the record date established by the Parent or by applicable law for such Parent Meeting or Parent Consent, as the case may be (collectively, the "**Beneficiary Votes**"), in respect of each matter, question, proposal or proposition to be voted on at such Parent Meeting or consented to in connection with such Parent Consent.

4.3 Mailings to Shareholders

(a) With respect to each Parent Meeting or Parent Consent, the Trustee will mail or cause to be mailed (or otherwise communicate in the same manner as the Parent utilizes in communications to holders of Parent Shares, subject to applicable regulatory requirements and to the Trustee being advised in writing of such manner and provided that such manner of communications is reasonably available to the Trustee) to each Beneficiary named in the applicable List on the same day as the mailing (or other communication) with respect thereto is commenced by the Parent to its shareholders:

(i) a copy of such mailing, together with any related materials, including any proxy or information statement or listing particulars, to be provided to shareholders of the Parent;

(ii) a statement that such Beneficiary is entitled to instruct the Trustee as to the exercise of the Beneficiary Votes with respect to such Parent Meeting or Parent Consent or, pursuant to Section 4.7, to attend such Parent Meeting and to exercise personally the Beneficiary Votes thereat;

(iii) a statement as to the manner in which such instructions may be given to the Trustee, including an express indication that instructions may be given to the Trustee to give (A) a proxy to such Beneficiary or his, her or its designee to exercise personally such holder's Beneficiary Votes or (B) a proxy to a designated agent or other representative of the Parent to exercise such holder's Beneficiary Votes;

(iv) a statement that if no such instructions are received from such Beneficiary, the Beneficiary Votes to which the Beneficiary is entitled will not be exercised;

(v) a form of direction such Beneficiary may use to direct and instruct the Trustee as contemplated herein; and

(vi) a statement of (A) the time and date by which such instructions must be received by the Trustee in order for such instructions to be binding upon the Trustee, which in the case of a Parent Meeting shall not be earlier than the close of business on the Business Day immediately prior to the date by which the Parent has required proxies to be deposited for such meeting, and (B) of the method for revoking or amending such instructions.

(b) The materials referred to in this Section 4.3 shall be provided to the Trustee by the Parent, and the materials referred to in Sections 4.3(a)(ii), 4.3(a)(iii), 4.3(a)(iv), 4.3(a)(v) and 4.3(a)(vi) shall (if reasonably practicable to do so) be subject to reasonable comment by the Trustee in a timely manner. Subject to the foregoing, the Parent shall ensure that the materials to be provided to the Trustee are provided in sufficient time to permit the Trustee to comment as aforesaid and to send all materials to each Beneficiary at the same time as such materials are first sent to holders of Parent Shares. The Parent agrees not to communicate with holders of Parent Shares with respect to the materials referred to in this Section 4.3 otherwise than by mail unless such method of communication is also reasonably available to the Trustee for communication with the Beneficiaries. Notwithstanding the foregoing, the Parent may, at its option, exercise the duties of the Trustee to deliver copies of all materials to all Beneficiaries as required by this Section 4.3 so long as, in each case, the Parent delivers a certificate to the Trustee stating that the Parent has undertaken to perform the obligations of the Trustee set forth in this Section 4.3.

(c) For the purpose of determining the number of Beneficiary Votes to which a Beneficiary is entitled in respect of any Parent Meeting or Parent Consent, the number of Exchangeable Shares owned of record by the Beneficiary shall be determined at the close of business on the record date established by the Parent or by applicable law for purposes of determining shareholders entitled to vote at such Parent Meeting or in respect of such Parent Consent. The Parent shall notify the Trustee of any decision of the board of directors of the Parent with respect to the calling of any Parent Meeting or any Parent Consent and shall provide all necessary information and materials to the Trustee in each case promptly and, in any event, in sufficient time to enable the Trustee to perform the obligations of the Trustee set forth in this Section 4.3.

4.4 Copies of Shareholder Information

The Parent shall deliver to the Trustee copies of all proxy materials (including notices of Parent Meetings but excluding proxies to vote Parent Shares), information statements, reports (including all interim and annual financial statements) and other written communications that, in each case, are to be distributed by the Parent from time to time to holders of Parent Shares in sufficient quantities and in sufficient time so as to enable the Trustee to send or cause to send those materials to each Beneficiary at the same time as such materials are first sent to holders of Parent Shares. The Trustee shall mail or otherwise send to each Beneficiary, at the expense of the Parent, copies of all such materials (and all materials specifically directed to the Beneficiaries or to the Trustee for the benefit of the Beneficiaries by the Parent) received by the Trustee from the Parent contemporaneously with the sending of such materials to holders of Parent Shares. The Trustee shall also make available for inspection by any Beneficiary at the Trustee's principal office in Vancouver, British Columbia all proxy materials, information statements, reports and other written communications that are:

(a) received by the Trustee as the registered holder of the Special Voting Share and made available by the Parent generally to the holders of Parent Shares; or

(b) specifically directed to the Beneficiaries or to the Trustee for the benefit of the Beneficiaries by the Parent.

Notwithstanding the foregoing, the Parent may, at its option, exercise the duties of the Trustee to deliver copies of all such materials to all Beneficiaries as required by this Section 4.4 so long as, in each case, the Parent delivers a certificate to the Trustee stating that the Parent has undertaken to perform the obligations of the Trustee set forth in this Section 4.4.

4.5 Other Materials

As soon as reasonably practicable after receipt by the Parent or shareholders of the Parent (if such receipt is known by the Parent) of any material sent or given by or on behalf of a third party to holders of Parent Shares generally, including dissident proxy and information circulars (and related information and material) and take-over bid and securities exchange take-over bid circulars (and related information and material), provided such material has not been sent to the Beneficiaries by or on behalf of such third party, the Parent shall use its reasonable efforts to obtain and deliver to the Trustee copies thereof in sufficient quantities so as to enable the Trustee to forward such material (unless the same has been provided directly to Beneficiaries by such third party) to each Beneficiary as soon as possible thereafter. As soon as reasonably practicable after receipt thereof, the Trustee shall mail or otherwise send to each Beneficiary, at the expense of the Parent, copies of all such materials received by the Trustee from the Parent. The Trustee shall also make available for inspection by any Beneficiary at the Trustee's principal office in Vancouver, British Columbia copies of all such materials. Notwithstanding the foregoing, the Parent may, at its option, exercise the duties of the Trustee to deliver copies of all such materials to all Beneficiaries as required by this Section 4.5 so long as, in each case, the Parent delivers a certificate to the Trustee stating that the Parent has undertaken to perform the obligations of the Trustee set forth in this Section 4.5.

4.6 List of Persons Entitled to Vote

Exchangeco shall, (a) prior to each annual, general and special Parent Meeting or the seeking of any Parent Consent and (b) forthwith upon each request made at any time by the Trustee in writing, prepare or cause to be prepared a list (a "**List**") of the names and addresses of the Beneficiaries arranged in alphabetical order and showing the number of Exchangeable Shares held of record by each such Beneficiary, in each case at the close of business on the date specified by the Trustee in such request or, in the case of a List prepared in connection with a Parent Meeting or Parent Consent, at the close of business on the record date established by the Parent or pursuant to applicable law for determining the holders of Parent Shares entitled to receive notice of and/or to vote at such Parent Meeting or to give consent in connection with such Parent Consent. Each such List shall be delivered to the Trustee promptly after receipt by Exchangeco of such request or the record date for such meeting or consent, as the case may be, and, in any event, within sufficient time as to permit the Trustee to perform its obligations under this Agreement. The Parent agrees to give Exchangeco notice (with a copy to the Trustee) of the calling of any Parent Meeting or the seeking of any Parent Consent, together with the record date therefor, sufficiently prior to the date of the calling of such meeting or seeking of such consent, so as to enable Exchangeco to perform its obligations under this Section 4.6.

4.7 Entitlement to Direct Votes

Subject to Section 4.8 and Section 4.11, any Beneficiary named in a List prepared in connection with any Parent Meeting or Parent Consent shall be entitled to (a) instruct the Trustee in the manner described in Section 4.2 with respect to the exercise of the Beneficiary Votes to which such Beneficiary is entitled, (b) in the case of a Parent Meeting, attend such meeting and personally exercise thereat (or to exercise with respect to any written consent), as the proxy of the Trustee, the Beneficiary Votes to which such Beneficiary is entitled or (c) in the case of a Parent Meeting, appoint a third party as the proxy of the Trustee to attend such meeting and exercise thereat the Beneficiary Votes to which such Beneficiary is entitled except, in each case, to the extent that such Beneficiary has transferred the ownership of any Exchangeable Shares in respect of which such Beneficiary is entitled to Beneficiary Votes after the close of business on the record date for such meeting or seeking of consent.

4.8 Voting by Trustee and Attendance of Trustee Representative at Meeting

(a) In connection with each Parent Meeting and Parent Consent, the Trustee shall exercise, either in person or by proxy, in accordance with the instructions received from a Beneficiary pursuant to Section 4.2, the Beneficiary Votes as to which such Beneficiary is entitled to direct the vote (or any lesser number thereof as may be set forth in the instructions) other than any Beneficiary Votes that are the subject of Section 4.8(b); provided, however, that such written instructions are received by the Trustee from the Beneficiary prior to the time and date fixed by the Trustee for receipt of such instruction in the notice given by the Trustee to the Beneficiary pursuant to Section 4.3.

(b) To the extent so instructed in accordance with the terms of this Agreement, the Trustee shall cause a representative who is empowered by it to sign and deliver, on behalf of the Trustee, proxies for Voting Rights enabling a Beneficiary to attend a Parent Meeting. Upon submission by a Beneficiary (or its designee) named in the List prepared in connection with the relevant meeting of identification satisfactory to the Trustee's representative, and at the Beneficiary's request, such representative shall sign and deliver to such Beneficiary (or its designee) a proxy to exercise personally the Beneficiary Votes as to which such Beneficiary is otherwise entitled hereunder to direct the vote, if such Beneficiary either (i) has not previously given the Trustee instructions pursuant to Section 4.3 in respect of such meeting or (ii) submits to such representative written revocation of any such previous instructions. At such meeting, the Beneficiary (or its designee) exercising such Beneficiary Votes in accordance with such proxy shall have the same rights in respect of such Beneficiary Votes as the Trustee to speak at the meeting in favour of any matter, question, proposal or proposition, to vote by way of ballot at the meeting in respect of any matter, question, proposal or proposition and to vote at such meeting by way of a show of hands in respect of any matter, question or proposition.

4.9 Distribution of Written Materials

Any written materials distributed by the Trustee to the Beneficiaries pursuant to this Agreement shall be sent by mail (or otherwise communicated in the same manner as the Parent utilizes in communications to holders of Parent Shares subject to applicable regulatory requirements and to the Trustee being advised in writing of such manner and provided such manner of communications is reasonably available to the Trustee) to each Beneficiary at its address as shown on the register of holders of Exchangeable Shares maintained by the registrar. In connection with each such distribution, Exchangeco shall provide or cause to be provided to the Trustee for purposes of communication, on a timely basis and without charge or other expense, (a) a current List and (b) upon the request of the Trustee, mailing labels to enable the Trustee to carry out its duties under this Agreement. Exchangeco's obligations under this Section 4.9 shall be deemed satisfied to the extent the Parent exercises its option to perform the duties of the Trustee to deliver copies of materials to each Beneficiary and Exchangeco provides the required information and materials to the Parent.

4.10 Termination of Voting Rights

Except as otherwise provided in the Exchangeable Share Provisions, all of the rights of a Beneficiary with respect to the Beneficiary Votes exercisable in respect of the Exchangeable Shares held by such Beneficiary, including the right to instruct the Trustee as to the voting of or to vote personally such Beneficiary Votes, shall lapse and be deemed to be surrendered by the Beneficiary to the Parent or Callco, as the case may be, and such Beneficiary Votes and the Voting Rights represented thereby shall cease immediately upon:

(a) the delivery by such holder to the Trustee of the certificates representing such Exchangeable Shares in connection with the exercise by the Beneficiary of the Exchange Right;

(b) the occurrence of the automatic exchange of Exchangeable Shares for Parent Shares, as specified in Article 5;

(c) the retraction or redemption of Exchangeable Shares pursuant to Section 6 or 7 of the Exchangeable Share Provisions;

(d) the effective date of the liquidation, dissolution or winding-up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs pursuant to Section 5 of the Exchangeable Share Provisions; or

(e) the purchase of Exchangeable Shares from the holder thereof by the Parent or Callco, as the case may be, pursuant to the exercise by the Parent or Callco of the Liquidation Call Right, the Redemption Call Right, the Change of Law Call Right or the Retraction Call Right (unless, in any case, the Parent or Callco, as the case may be, shall not have delivered the requisite consideration deliverable in exchange therefor).

4.11 Disclosure of Interest in Exchangeable Shares

The Trustee or Exchangeco shall be entitled to require any Beneficiary or any person whom the Trustee or Exchangeco, as the case may be, knows or has reasonable cause to believe holds any interest whatsoever in an Exchangeable Share to (a) confirm that fact or (b) give such details as to whom has an interest in such Exchangeable Share, in each case as would be required (if the Exchangeable Shares were a class of "equity shares" of Exchangeco) under the constating documents of the Parent or any laws or regulations applicable to Exchangeco and/or the Parent, or pursuant to the rules or regulations of any regulatory agency applicable to Exchangeco and/or the Parent, if and only to the extent that the Exchangeable Shares were Parent Shares. If a Beneficiary does not provide the information required to be provided by such Beneficiary pursuant to this Section 4.11, the board of directors of the Parent may take any action permitted under the constating documents of the Parent or any laws or regulations applicable to Exchangeco and/or the Parent, or pursuant to the rules or regulations of any regulatory agency applicable to Exchangeco and/or the Parent, with respect to the Voting Rights relating to the Exchangeable Shares held by such Beneficiary.

ARTICLE 5

EXCHANGE AND AUTOMATIC EXCHANGE

5.1 Grant and Ownership of the Exchange Right and Automatic Exchange Right

(a) The Parent and, in the case of the Exchange Right, Callco hereby grant to the Trustee as trustee for and on behalf of, and for the use and benefit of, the Beneficiaries (i) the right (the "**Exchange Right**"), upon the occurrence and during the continuance of an Insolvency Event, to require the Parent or Callco to purchase from each or any Beneficiary all or any part of the Exchangeable Shares held by such Beneficiary, all in accordance with the provisions of this Agreement, and (ii) the Automatic Exchange Right. Each of the Parent and, in the case of the Exchange Right, Callco hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Beneficiaries of good and valuable consideration (and the adequacy thereof) for the grant of the Exchange Right and the Automatic Exchange Right by the Parent or Callco, as the case may be, to the Trustee.

(b) During the term of the Trust, and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Exchange Right and the Automatic Exchange Right and shall be entitled to exercise all of the rights and powers of an owner with respect to the Exchange Right and the Automatic Exchange Right, provided that the Trustee shall:

(i) hold the Exchange Right and the Automatic Exchange Right and the legal title thereto as trustee solely for the use and benefit of the Beneficiaries in accordance with the provisions of this Agreement; and

(ii) except as specifically authorized by this Agreement, have no power or authority to exercise or otherwise deal in or with the Exchange Right or the Automatic Exchange Right, and the Trustee shall not exercise any such rights for any purpose other than the purposes for which the Trust is created pursuant to this Agreement.

5.2 Legended Share Certificates

Exchangeco shall cause each certificate representing Exchangeable Shares to bear a legend notifying the Beneficiary in respect of the Exchangeable Shares represented by such certificate of (a) his, her or its right to instruct the Trustee with respect to the exercise of the Exchange Right in respect of the Exchangeable Shares held by such Beneficiary and (b) the Automatic Exchange Right.

5.3 General Exercise of Exchange Right

The Exchange Right shall be and remain vested in and exercisable by the Trustee. Subject to Section 6.15, the Trustee shall exercise the Exchange Right only on the basis of instructions received pursuant to this Article 5 from Beneficiaries entitled to instruct the Trustee as to the exercise thereof. To the extent that no instructions are received from any Beneficiary with respect to the Exchange Right, the Trustee shall not exercise or permit the exercise of the Exchange Right.

5.4 Purchase Price

The purchase price payable by the Parent or Callco, as the case may be, for each Exchangeable Share to be purchased by the Parent or Callco, as the case may be, pursuant to the exercise of the Exchange Right shall be an amount per share equal to the Exchangeable Share Price on the last Business Day prior to the day of the closing of the purchase and sale of such Exchangeable Share pursuant to such exercise of the Exchange Right, which price may be satisfied only by the Parent or Callco, as the case may be, delivering or causing to be delivered to the Trustee, on behalf of the relevant Beneficiary, the Exchangeable Share Consideration representing such Exchangeable Share Price.

5.5 Exercise Instructions

Subject to the terms and conditions set forth herein, a Beneficiary shall be entitled upon the occurrence and during the continuance of an Insolvency Event, to instruct the Trustee to exercise the Exchange Right with respect to all or any part of the Exchangeable Shares registered in the name of such Beneficiary. In order to cause the Trustee to exercise the Exchange Right with respect to all or any part of the Exchangeable Shares registered in the name of a Beneficiary, such Beneficiary shall deliver to the Trustee, in person or by certified or registered mail, at its principal office in Vancouver, British Columbia or at such other place as the Trustee may from time to time designate by written notice to the Beneficiaries, the certificates representing the Exchangeable Shares which such Beneficiary desires the Parent or Callco to purchase, duly endorsed in blank for transfer, and accompanied by such other documents and instruments as may be required to effect a transfer of the Exchangeable Shares under the *Business Corporations Act* (British Columbia), the constating documents of Exchangeco and such additional documents and instruments as the Parent, Exchangeco or the Trustee may reasonably require together with:

(a) a duly completed form of notice of exercise of the Exchange Right, contained on the reverse of or attached to the Exchangeable Share certificates, stating (i) that the Beneficiary thereby instructs the Trustee to exercise the Exchange Right so as to require the Parent or Callco to purchase from the Beneficiary the number of Exchangeable Shares specified therein, (ii) that such Beneficiary has good title to and owns all such Exchangeable Shares to be acquired by the Parent or Callco free and clear of all liens, claims, security interests and encumbrances, (iii) the names in which the certificates representing Parent Shares issuable in connection with the exercise of the Exchange Right are to be issued and (iv) the names and addresses of the persons to whom such new certificates should be delivered; and

(b) payment (or evidence satisfactory to the Parent, Exchangeco and the Trustee of payment) of the taxes (if any) payable as contemplated by Section 5.8 of this Agreement.

If only a part of the Exchangeable Shares represented by any certificate or certificates delivered to the Trustee are to be purchased by the Parent or Callco pursuant to the exercise of the Exchange Right, a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of Exchangeco.

5.6 Delivery of Parent Shares; Effect of Exercise

Promptly after the receipt by the Trustee of the certificates representing the Exchangeable Shares which a Beneficiary desires the Parent or Callco to purchase pursuant to the exercise of the Exchange Right, together with a notice of exercise and such other documents and instruments specified by Section 5.5, the Trustee shall notify the Parent, Callco and Exchangeco of its receipt of the same, which notice to the Parent, Callco and Exchangeco shall constitute exercise of the Exchange Right by the Trustee on behalf of such Beneficiary in respect of such Exchangeable Shares, and the Parent or Callco, as the case may be, shall promptly thereafter deliver or cause to be delivered to the Trustee, for delivery to such Beneficiary (or to such other persons, if any, properly designated by such Beneficiary) the Exchangeable Share Consideration deliverable in connection with such exercise of the Exchange Right; provided, however, that no such delivery shall be made unless and until the Beneficiary requesting the same shall have paid (or provided evidence satisfactory to the Parent, Callco, Exchangeco and the Trustee of the payment of) the taxes (if any) payable as contemplated by Section 5.8 of this Agreement. Immediately upon the giving of notice by the Trustee to the Parent, Callco and Exchangeco of any exercise of the Exchange Right, as provided in this Section 5.6, the closing of the transaction of purchase and sale contemplated by the Exchange Right shall be deemed to have occurred, and the Beneficiary in respect of such Exchangeable Shares shall be deemed to have transferred to the Parent or Callco, as the case may be, all of such Beneficiary's right, title and interest in and to such Exchangeable Shares and in the related interest in the Trust Estate and shall cease to be a holder of such Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive the total Exchangeable Share Consideration in respect of such Exchangeable Shares, unless such Exchangeable Share Consideration is not delivered by the Parent or Callco, as the case may be, to the Trustee for delivery to such Beneficiary (or to such other person, if any, properly designated by such Beneficiary) within five Business Days of the date of the giving of such notice by the Trustee, in which case the rights of the Beneficiary shall remain unaffected until such Exchangeable Share Consideration is so delivered. Upon delivery of such Exchangeable Share Consideration to the Trustee, the Trustee shall promptly deliver such Exchangeable Share Consideration to such Beneficiary (or to such other person, if any, properly designated by such Beneficiary). Concurrently with the closing of the transaction of purchase and sale contemplated by such exercise of the Exchange Right, the Beneficiary shall be considered and deemed for all purposes to be the holder of the Parent Shares delivered to it pursuant to such exercise of the Exchange Right.

5.7 Exercise of Exchange Right Subsequent to Retraction

In the event that a Beneficiary has exercised its retraction right under Section 6 of the Exchangeable Share Provisions to require Exchangeco to redeem any or all of the Exchangeable Shares held by the Beneficiary (the "**Retracted Shares**") and is notified by Exchangeco pursuant to Section 6(a)(iii) of the Exchangeable Share Provisions that Exchangeco will not be permitted as a result of solvency requirements of applicable law to redeem all such Retracted Shares, subject to receipt by the Trustee of written notice to that effect from Exchangeco, and provided that neither the Parent nor Callco shall have exercised its Retraction Call Right with respect to the Retracted Shares and that the Beneficiary shall not have revoked the retraction request delivered by the Beneficiary to Exchangeco pursuant to Section 6(a)(iv) of the Exchangeable Share Provisions, the retraction request will constitute and will be deemed to constitute notice from the Beneficiary to the Trustee instructing the Trustee to exercise the Exchange Right with respect to those Retracted Shares that Exchangeco is unable to redeem. In any such event, Exchangeco hereby agrees with the Trustee, and in favour of the Beneficiary, promptly to notify the Trustee of such prohibition against Exchangeco and to forward or cause to be forwarded to the Trustee all relevant materials delivered by the Beneficiary to Exchangeco or to the Transfer Agent in connection with such proposed redemption of the Retracted Shares and the Trustee will thereupon exercise the Exchange Right with respect to the Retracted Shares that Exchangeco is not permitted to redeem and will require the Parent or, at the option of the Parent, Callco to purchase such shares in accordance with the provisions of this Article 5.

5.8 Stamp or Other Transfer Taxes

Upon any sale of Exchangeable Shares to the Parent pursuant to the exercise of the Exchange Right or the Automatic Exchange Right, the share certificate or certificates representing the Parent Shares to be delivered in connection with the payment of the purchase price therefor shall be issued in the name of the Beneficiary in respect of the Exchangeable Shares so sold or in such names as such Beneficiary may otherwise direct in writing without charge to the holder of the Exchangeable Shares so sold; provided, however, that such Beneficiary (a) shall pay (and none of the Parent, Callco, Exchangeco or the Trustee shall be required to pay) any documentary, stamp, transfer of other taxes that may be payable in respect of any transfer involved in the issuance or delivery of such shares to a person other than such Beneficiary or (b) shall have evidenced to the satisfaction of the Parent, Callco, Exchangeco and the Trustee that such taxes (if any) have been paid.

5.9 Notice of Insolvency Event

As soon as practicable following the occurrence of an Insolvency Event or any event that with the giving of notice or the passage of time or both would be an Insolvency Event, the Parent and Exchangeco shall give written notice thereof to the Trustee. As soon as practicable after receiving notice from the Parent or Exchangeco of the occurrence of an Insolvency Event, or upon the Trustee otherwise becoming aware of an Insolvency Event, the Trustee shall mail to each Beneficiary, at the expense of the Parent (such funds to be received in advance), a notice of such Insolvency Event in the form provided by the Parent, which notice shall contain a brief statement of the rights of the Beneficiaries with respect to the Exchange Right.

5.10 Automatic Exchange on Liquidation of the Parent

(a) The Parent shall give the Trustee written notice of each of the following events (each, a "**Liquidation Event**") at the time set forth below:

(i) in the event of any determination by the board of directors of the Parent to institute voluntary liquidation, dissolution or winding-up proceedings with respect to the Parent or to effect any other distribution of assets of the Parent among its shareholders for the purpose of winding up its affairs, at least 30 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and

(ii) as soon as practicable following the earlier of (A) receipt by the Parent of notice of and (B) the Parent otherwise becoming aware of any instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of the Parent or to effect any other distribution of assets of the Parent among its shareholders for the purpose of winding up its affairs, in each case where the Parent has failed to contest in good faith any such proceeding commenced in respect of the Parent within 10 days of becoming aware thereof.

(b) As soon as practicable following receipt by the Trustee from the Parent of notice of a Liquidation Event, the Trustee shall give notice thereof to the Beneficiaries. Such notice shall be provided by the Parent to the Trustee and shall include a brief description of the automatic exchange of Exchangeable Shares for Parent Shares provided for in Section 5.10(c) (the "**Automatic Exchange Right**").

(c) In order that the Beneficiaries will be able to participate on a pro rata basis with the holders of Parent Shares in the distribution of assets of the Parent in connection with a Liquidation Event, immediately prior to the effective date (the "**Liquidation Event Effective Date**") of a Liquidation Event, each of then outstanding Exchangeable Shares (other than Exchangeable Shares held by the Parent and its affiliates) shall be automatically exchanged for one Parent Share. To effect such automatic exchange, the Parent shall purchase each such Exchangeable Share outstanding immediately prior to the Liquidation Event Effective Date, and each Beneficiary shall sell each Exchangeable Shares held by it at such time, free and clear of any lien, claim or encumbrance, for a purchase price per share equal to the Exchangeable Share Price on the last Business Day immediately prior to the Liquidation Event Effective Date, which price shall be satisfied in full by the Parent delivering to such holder the Exchangeable Share Consideration representing such Exchangeable Share Price.

(d) The closing of the transaction of purchase and sale contemplated by any exercise of the Automatic Exchange Right shall be deemed to have occurred at the close of business on the Business Day immediately prior to the Liquidation Event Effective Date, and each Beneficiary shall be deemed to have transferred to the Parent all of such Beneficiary's right, title and interest in and to the Exchangeable Shares held by such Beneficiary free and clear of any lien, claim or encumbrance and the related interest in the Trust Estate and each such Beneficiary shall cease to be a holder of such Exchangeable Shares and the Parent shall deliver or cause to be delivered to the Trustee, for delivery to such Beneficiary, the Exchangeable Share Consideration deliverable to such Beneficiary upon such exercise of the Automatic Exchange Right. Concurrently with each such Beneficiary ceasing to be a holder of Exchangeable Shares, such Beneficiary shall be considered and deemed for all purposes to be the holder of the Parent Shares included in the Exchangeable Share Consideration to be delivered to such Beneficiary and the certificates held by such Beneficiary previously representing the Exchangeable Shares exchanged by the Beneficiary with the Parent pursuant to the exercise of the Automatic Exchange Right shall thereafter be deemed to represent the Parent Shares issued to such Beneficiary by the Parent pursuant to the exercise of the Automatic Exchange Right. Upon the request of any Beneficiary and the surrender by such Beneficiary of Exchangeable Share certificates deemed to represent Parent Shares, duly endorsed in blank and accompanied by such instruments of transfer as the Parent may reasonably require, the Parent shall deliver or cause to be delivered to such Beneficiary certificates representing the Parent Shares of which the Beneficiary is the holder.

5.11 Withholding Rights

The Parent, Callco, Exchangeco and the Trustee shall be entitled to deduct and withhold from any dividend, distribution, price or other consideration otherwise payable under this Agreement to any holder of Exchangeable Shares or Parent Shares such amounts as the Parent, Callco, Exchangeco or the Trustee is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or United States tax laws or any provision of provincial, state, local or foreign tax Law, in each case as amended or succeeded. The Trustee may act and rely on the advice of counsel with respect to such matters. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the holder of the shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, the Parent, Callco, Exchangeco and the Trustee are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to the Parent, Callco, Exchangeco or the Trustee, as the case may be, to enable it to comply with such deduction or withholding requirement and the Parent, Callco, Exchangeco or the Trustee, as the case may be, shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale.

ARTICLE 6

CONCERNING THE TRUSTEE

6.1 Powers and Duties of the Trustee

(a) The rights, powers, duties and authorities of the Trustee under this Agreement, in its capacity as Trustee of the Trust, shall include:

(i) receipt and deposit of the Special Voting Share from the Parent as trustee for and on behalf of the Beneficiaries in accordance with the provisions of this Agreement;

(ii) granting proxies and distributing materials to Beneficiaries as provided in this Agreement;

(iii) voting the Beneficiary Votes in accordance with the provisions of this Agreement;

(iv) receiving the grant of the Exchange Right from the Parent and Callco, and the Automatic Exchange Right from the Parent, as trustee for and on behalf of the Beneficiaries in accordance with the provisions of this Agreement;

(v) exercising the Exchange Right and enforcing the benefit of the Automatic Exchange Right, in each case in accordance with the provisions of this Agreement, and in connection therewith receiving from Beneficiaries any requisite documents and distributing to such Beneficiaries the Exchangeable Share Consideration to which such Beneficiaries are entitled pursuant to the exercise of the Exchange Right or the Automatic Exchange Right, as the case may be;

(vi) holding title to the Trust Estate;

(vii) investing any moneys forming, from time to time, a part of the Trust Estate as provided in this Agreement;

(viii) taking action at the direction of a Beneficiary or Beneficiaries to enforce the obligations of the Parent, Callco and Exchangeco under this Agreement; and

(ix) taking such other actions and doing such other things as are specifically provided in this Agreement to be carried out by the Trustee.

(b) In the exercise of such rights, powers, duties and authorities, the Trustee shall have (and is granted) such incidental and additional rights, powers, duties and authority not in conflict with any of the provisions of this Agreement as the Trustee, acting in good faith and in the reasonable exercise of its discretion, may deem necessary, appropriate or desirable to effect the purpose of the Trust. Any exercise of such discretionary rights, powers, duties and authorities by the Trustee shall be final, conclusive and binding upon all persons.

(c) The Trustee, in exercising its rights, powers, duties and authorities hereunder, shall act honestly and in good faith and with a view to the best interests of the Beneficiaries and shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(d) The Trustee shall not be bound to give notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall be specifically required to do so under the terms hereof; nor shall the Trustee be required to take any notice of, or to do, or to take any act, action or proceeding as a result of any default or breach of any provision hereunder, unless and until notified in writing of such default or breach, which notices shall distinctly specify the default or breach desired to be brought to the attention of the Trustee, and in the absence of such notice the Trustee may for all purposes of this Agreement conclusively assume that no default or breach has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein.

6.2 No Conflict of Interest

The Trustee represents to the Parent, Callco and Exchangeco that, at the date of execution and delivery of this Agreement, there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder and the role of the Trustee in any other capacity. The Trustee shall, within 90 days after it becomes aware that such material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 9. If, notwithstanding the foregoing provisions of this Section 6.2, the Trustee has such a material conflict of interest, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Trustee contravenes the foregoing provisions of this Section 6.2, any interested party may apply to the British Columbia Supreme Court for an order that the Trustee be replaced as trustee hereunder.

6.3 Dealings with Transfer Agents, Registrars, etc.

(a) Each of the Parent, Callco and Exchangeco irrevocably authorizes the Trustee, from time to time, to:

(i) consult, communicate and otherwise deal with the respective registrars and transfer agents, and with any such subsequent registrar or transfer agent, of the Exchangeable Shares and Parent Shares; and

(ii) requisition, from time to time, from any such registrar or transfer agent, any information readily available from the records maintained by it which the Trustee may reasonably require for the discharge of its duties and responsibilities under this Agreement.

(b) Each of the Parent and Callco covenants that it shall supply the Trustee or its transfer agent, as the case may be, in a timely manner with duly executed share certificates for the purpose of completing the exercise from time to time of all rights to acquire Parent Shares hereunder, under the Exchangeable Share Provisions and under any other security or commitment given to the Beneficiaries pursuant thereto, in each case pursuant to the provisions hereof or of the Exchangeable Share Provisions or otherwise.

6.4 Books and Records

The Trustee shall keep available for inspection by the Parent, Callco and Exchangeco at the Trustee's principal office in Vancouver, British Columbia correct and complete books and records of account relating to the Trustee's actions under this Agreement, including all relevant data relating to mailings and instructions to and from Beneficiaries and all transactions pursuant to the Exchange Right and the Automatic Exchange Right. On or before January 15, 2014, and on or before January 15 in every year thereafter, so long as the Special Voting Share is registered in the name of the Trustee, the Trustee shall transmit to the Parent, Callco and Exchangeco a brief report, dated as of the preceding December 31st, with respect to:

(a) the property and funds comprising the Trust Estate as of that date;

(b) the number of exercises of the Exchange Right, if any, and the aggregate number of Exchangeable Shares received by the Trustee on behalf of Beneficiaries in consideration of the issuance and delivery by the Parent or Callco of Parent Shares in connection with the Exchange Right, during the calendar year ended on such December 31st; and

(c) any action taken by the Trustee in the performance of its duties under this Agreement which it had not previously reported.

6.5 Income Tax Returns and Reports

The Trustee shall, to the extent necessary, prepare and file, or cause to be prepared and filed, on behalf of the Trust appropriate Canadian income tax returns and any other returns or reports as may be required by applicable law or pursuant to the rules and regulations of any securities exchange or other trading system through which the Exchangeable Shares are traded. In connection therewith, the Trustee may obtain the advice and assistance of such experts or advisors as the Trustee considers necessary or advisable. If requested by the Trustee, the Parent shall retain qualified experts or advisors for the purpose of providing such tax advice or assistance.

6.6 Indemnification Prior to Certain Actions by Trustee

(a) The Trustee shall exercise any or all of the rights, duties, powers or authorities vested in it by this Agreement at the request, order or direction of any Beneficiary upon such Beneficiary furnishing to the Trustee reasonable funding, security and indemnity against the costs, expenses and liabilities which may be incurred by the Trustee therein or thereby, provided that no Beneficiary shall be obligated to furnish to the Trustee any such funding, security and indemnity in connection with the exercise by the Trustee of any of its rights, duties, powers and authorities with respect to the Special Voting Share pursuant to Article 4, subject to Section 6.15, and with respect to the Exchange Right and the Automatic Exchange Right pursuant to Article 5.

(b) None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties, or authorities unless funded, given security and indemnified as aforesaid.

6.7 Action of Beneficiaries

No Beneficiary shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this Agreement for the purpose of enforcing any of its rights or for the execution of any trust or power hereunder unless the Beneficiary has requested the Trustee to take or institute such action, suit or proceeding and furnished the Trustee with the funding, security and indemnity referred to in Section 6.6 and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Beneficiary shall be entitled to take proceedings in any court of competent jurisdiction such as the Trustee might have taken; it being understood and intended that no one or more Beneficiaries shall have any right in any manner whatsoever to affect, disturb or prejudice the rights hereby created by any such action, or to enforce any right hereunder or the Voting Rights, the Exchange Right or the Automatic Exchange Right except subject to the conditions and in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law shall be instituted, had and maintained by the Trustee, except only as herein provided, and in any event for the equal benefit of all Beneficiaries.

6.8 Reliance Upon Declarations

The Trustee shall not be considered to be in contravention of any of its rights, powers, duties and authorities hereunder if, when required, it acts and relies in good faith upon statutory declarations, certificates, opinions or reports furnished pursuant to the provisions hereof or required by the Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder if such statutory declarations, certificates, opinions or reports comply with the provisions of Section 6.9, if applicable, and with any other applicable provisions of this Agreement.

6.9 Evidence and Authority to Trustee

(a) The Parent, Callco and/or Exchangeco shall furnish to the Trustee evidence of compliance with the conditions provided for in this Agreement relating to any action or step required or permitted to be taken by the Parent, Callco and/or Exchangeco or the Trustee under this Agreement or as a result of any obligation imposed under this Agreement, including in respect of the Voting Rights, the Exchange Right or the Automatic Exchange Right and the taking of any other action to be taken by the Trustee at the request of or on the application of the Parent, Callco and/or Exchangeco promptly if and when:

(i) such evidence is required by any other section of this Agreement to be furnished to the Trustee in accordance with the terms of this Section 6.9; or

(ii) the Trustee, in the exercise of its rights, powers, duties and authorities under this Agreement, gives the Parent, Callco and/or Exchangeco written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

(b) Such evidence shall consist of an Officer's Certificate of the Parent, Callco and/or Exchangeco or a statutory declaration or a certificate made by persons entitled to sign an Officer's Certificate stating that any such condition has been complied with in accordance with the terms of this Agreement.

(c) Whenever such evidence relates to a matter other than the Voting Rights or the Exchange Right or the Automatic Exchange Right or the taking of any other action to be taken by the Trustee at the request or on the application of the Parent, Callco and/or Exchangeco, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, attorney, auditor, accountant, appraiser, valuer or other expert or any other person whose qualifications give authority to a statement made by such person; provided, however, that if such report or opinion is furnished by a director, officer or employee of the Parent, Callco and/or Exchangeco it shall be in the form of an Officer's Certificate or a statutory declaration.

(d) Each statutory declaration, Officer's Certificate, opinion or report furnished to the Trustee as evidence of compliance with a condition provided for in this Agreement shall include a statement by the person giving the evidence:

(i) declaring that such person has read and understands the provisions of this Agreement relating to the condition in question;

(ii) describing the nature and scope of the examination or investigation upon which such person based the statutory declaration, certificate, statement or opinion; and

(iii) declaring that such person has made such examination or investigation as such person believes is necessary to enable such person to make the statements or give the opinions contained or expressed therein.

6.10 Experts, Advisers and Agents

The Trustee may:

(a) in relation to these presents act and rely on the opinion or advice of or information obtained from any solicitor, attorney, auditor, accountant, appraiser, valuer or other expert, whether retained by the Trustee or by the Parent, Callco and/or Exchangeco or otherwise, and may retain or employ such assistants as may be necessary to the proper discharge of its powers and duties and determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid;

(b) employ such agents and other assistants as it may reasonably require for the proper determination and discharge of its powers and duties hereunder; and

(c) pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all reasonable disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the Trust.

6.11 Investment of Moneys Held by Trustee

Unless otherwise provided in this Agreement, any moneys held by or on behalf of the Trustee which under the terms of this Agreement may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee may be invested or reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of British Columbia, trustees are authorized to invest trust moneys, provided that such securities are stated to mature within two years after their purchase by the Trustee and the

Trustee shall so invest such money on the written direction of Exchangeco. Pending the investment of any money as herein provided, such moneys may be deposited in the name of the Trustee in any chartered bank in Canada or, with the consent of Exchangeco, in the deposit department of the Trustee or any other specified loan or trust company authorized to accept deposits under the laws of Canada or any province thereof at the rate of interest then current on similar deposits. The Trustee shall not be held liable for any losses incurred in the investment of any funds as herein provided and all interest on monies held by or on behalf of the Trustee shall be for the account of Exchangeco and held by the Trustee for the benefit of Exchangeco.

6.12 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts, rights, duties, powers and authorities of this Agreement or otherwise in respect of the premises.

6.13 Trustee Not Bound to Act on Request

Except as in this Agreement otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of the Parent, Callco and/or Exchangeco or of the respective directors thereof until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Trustee to be genuine. The Trustee shall have the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation or regulation. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation or regulation, then it shall have the right to resign on ten days written notice to the other parties to this Agreement, provided that (a) the Trustee's written notice shall describe the circumstances of such non-compliance and (b) if such circumstances are rectified to the Trustee's satisfaction within such ten day period, such resignation shall not be effective.

6.14 Authority to Carry on Business

The Trustee represents to the Parent, Callco and Exchangeco that, at the date of execution and delivery by it of this Agreement, it is authorized to carry on the business of a trust company in each of the provinces and territories of Canada but if, notwithstanding the provisions of this Section 6.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Agreement and the Voting Rights, the Exchange Right and the Automatic Exchange Right and the other rights granted in or resulting from the Trustee being a party to this Agreement shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any province or territory of Canada, either become so authorized or resign in the manner and with the effect specified in Article 9.

6.15 Conflicting Claims

(a) If conflicting claims or demands are made or asserted with respect to any interest of any Beneficiary in any Exchangeable Shares, including any disagreement between the heirs, representatives, successors or assigns succeeding to all or any part of the interest of any Beneficiary in any Exchangeable Shares, resulting in conflicting claims or demands being made in connection with such interest, then the Trustee shall be entitled, in its sole discretion, to refuse to recognize or to comply with any such claims or demands. In so refusing, the Trustee may elect not to exercise any Voting Rights, Exchange Right, Automatic Exchange Right or other rights subject to such conflicting claims or demands and, in so doing, the Trustee shall not be or become liable to any person on account of such election or its failure or refusal to comply with any such conflicting claims or demands. The Trustee shall be entitled to continue to refrain from acting and to refuse to act until:

(i) the rights of all adverse claimants with respect to the Voting Rights, Exchange Right, Automatic Exchange Right or other rights subject to such conflicting claims or demands have been adjudicated by a final judgement of a court of competent jurisdiction and all rights of appeal have expired; or

(ii) all differences with respect to the Voting Rights, Exchange Right, Automatic Exchange Right or other rights subject to such conflicting claims or demands have been conclusively settled by a valid written agreement binding on all such adverse claimants, and the Trustee shall have been furnished with an executed copy of such agreement certified to be in full force and effect.

(b) If the Trustee elects to recognize any claim or comply with any demand made by any such adverse claimant, it may in its discretion require such claimant to furnish such surety bond and other security satisfactory to the Trustee as it shall deem appropriate to fully indemnify it as between all conflicting claims or demands.

6.16 Acceptance of Trust

The Trustee hereby accepts the Trust created and provided for, by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Beneficiaries, subject to all the terms and conditions herein set forth.

6.17 Third Party Interests

Each party to this Agreement hereby represents to the Trustee that any account to be opened by, or interest to be held by the Trustee in connection with this Agreement, for or to the credit of such party, either (a) is not intended to be used by or on behalf of any third party or (b) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

6.18 Privacy

The parties acknowledge that Canadian federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, no party shall take or direct any action that would contravene, or cause the others to contravene, applicable Privacy Laws. The parties shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. Specifically, the Trustee agrees (a) to have a designated chief privacy officer, (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry, (c) to use personal information solely for the purposes of providing its services under or ancillary to this Agreement and not to use it for any purpose except with the consent of or direction from the other parties or the individual involved, (d) not to sell or otherwise improperly disclose personal information to any third part and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

ARTICLE 7
COMPENSATION

7.1 Fees and Expenses of the Trustee

The Parent, Callco and Exchangeco jointly and severally agree to pay the Trustee reasonable compensation for all of the services rendered by it under this Agreement and shall reimburse the Trustee for all reasonable expenses (including taxes (other than taxes based on the net income or capital of the Trustee), fees paid to legal counsel and other experts and advisors and agents and travel expenses) and disbursements, including the cost and expense of any suit or litigation of any character and any proceedings before any governmental agency, in each case reasonably incurred by the Trustee in connection with its duties under this Agreement; provided, however, that the Parent, Callco and Exchangeco shall have no obligation to reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee in any suit or litigation or any such proceedings in which the Trustee is determined to have acted in bad faith or with fraud, gross negligence or wilful misconduct.

ARTICLE 8

INDEMNIFICATION AND LIMITATION OF LIABILITY

8.1 Indemnification of the Trustee

(a) The Parent, Callco and Exchangeco jointly and severally agree to indemnify and hold harmless the Trustee and each of its directors, officers, employees and agents appointed and acting in accordance with this Agreement (collectively, the "**Indemnified Parties**") against all claims, losses, damages, reasonable costs, penalties, fines and reasonable expenses (including the reasonable expenses of the Trustee's legal counsel) which, without bad faith, fraud, gross negligence or wilful misconduct on the part of such Indemnified Party, may be paid, incurred or suffered by the Indemnified Party by reason or as a result of the Trustee's acceptance or administration of the Trust, its compliance or non-compliance with its duties set forth in this Agreement, or any written or oral instruction delivered to the Trustee by the Parent, Callco or Exchangeco pursuant hereto.

(b) The Trustee shall promptly notify the Parent, Callco and Exchangeco of a claim or of any action commenced against any Indemnified Parties promptly after the Trustee or any of the Indemnified Parties shall have received written assertion of such a claim or action or have been served with a summons or other first legal process giving information as to the nature and basis of the claim or action; provided, however, that the omission to so notify the Parent, Callco or Exchangeco shall not relieve the Parent, Callco or Exchangeco of any liability which any of them may have to any Indemnified Party except to the extent that any such delay prejudices the defence of any such claim or action or results in any increase in the liability which the Parent, Callco or Exchangeco have under this indemnity. Subject to (ii) below, the Parent, Callco and Exchangeco shall be entitled to participate at their own expense in the defence and, if the Parent, Callco and Exchangeco so elect at any time after receipt of such notice, any of them may assume the defence of any suit brought to enforce any such claim. The Trustee shall have the right to employ separate counsel in any such suit and participate in the defence thereof, but the fees and expenses of such separate counsel shall be at the expense of the Trustee unless (i) the employment of such counsel has been authorized by the

Parent, Callco or Exchangeco or (ii) the named parties to any such suit include both the Trustee and the Parent, Callco or Exchangeco and the Trustee shall have been advised by counsel acceptable to the Parent, Callco and Exchangeco that there may be one or more legal defences available to the Trustee that are different from or in addition to those available to the Parent, Callco or Exchangeco and that, in the judgement of such counsel, would present a conflict of interest were a joint representation to be undertaken (in which case the Parent, Callco and Exchangeco shall not have the right to assume the defence of such suit on behalf of the Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Trustee). This indemnity shall survive the termination of the Trust and the resignation or removal of the Trustee.

8.2 Limitation of Liability

The Trustee shall not be held liable for any loss which may occur by reason of depreciation of the value of any part of the Trust Estate or any loss incurred on any investment of funds pursuant to this Agreement, except to the extent that such loss is attributable to the bad faith, fraud, gross negligence or wilful misconduct on the part of the Trustee.

ARTICLE 9

CHANGE OF TRUSTEE

9.1 Resignation

The Trustee, or any trustee hereafter appointed, may at any time resign by giving written notice of such resignation to the Parent, Callco and Exchangeco specifying the date on which it desires to resign, provided that such notice shall not be given less than 30 days before such desired resignation date unless the Parent, Callco and Exchangeco otherwise agree and provided further that such resignation shall not take effect until the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, the Parent, Callco and Exchangeco shall promptly appoint a successor trustee, which successor trustee shall be a corporation organized and existing under the laws of Canada and authorized to carry on the business of a trust company in all provinces and territories of Canada, by written instrument in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. Failing the appointment and acceptance of a successor trustee, a successor trustee may be appointed by order of a court of competent jurisdiction upon application of one or more of the parties to this Agreement. If the retiring trustee is the party initiating an application for the appointment of a successor trustee by order of a court of competent jurisdiction, the Parent, Callco and Exchangeco shall be jointly and severally liable to reimburse the retiring trustee for its legal costs and expenses in connection with same.

9.2 Removal

The Trustee, or any trustee hereafter appointed, may (provided a successor trustee is appointed) be removed at any time on not less than 30 days' prior notice by written instrument executed by the Parent, Callco and Exchangeco, in duplicate, one copy of which shall be delivered to the trustee so removed and one copy to the successor trustee, provided that such removal shall not take effect until the date of acceptance of appointment by the successor trustee.

9.3 Successor Trustee

Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to the Parent, Callco and Exchangeco and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with the like effect as if originally named as trustee in this Agreement. However, on the written request of the Parent, Callco and Exchangeco or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, the Parent, Callco, Exchangeco and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Notwithstanding the foregoing, any corporation to which all or substantially all of the business of the Trustee is transferred shall automatically become the successor trustee without any further act.

9.4 Notice of Successor Trustee

Upon acceptance of appointment by a successor trustee as provided herein, the Parent, Callco and Exchangeco shall cause to be mailed notice of the succession of such trustee hereunder to each Beneficiary specified in a List. If the Parent, Callco or Exchangeco shall fail to cause such notice to be mailed within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Parent, Callco and Exchangeco.

ARTICLE 10
THE PARENT SUCCESSORS

10.1 Certain Requirements in Respect of Combination, etc.

So long as any Exchangeable Shares not owned by the Parent or its affiliates are outstanding, the Parent shall not enter into any transaction (whether by way of reconstruction, reorganization, consolidation, arrangement, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom, provided that it may do so if:

(a) such other person or continuing corporation (the "**Parent Successor**"), by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, a trust agreement supplemental hereto and such other instruments (if any) as are necessary or advisable to evidence the assumption by the Parent Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Parent Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of the Parent under this Agreement; and

(b) such transaction shall be upon such terms and conditions as substantially to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the Trustee or of the Beneficiaries hereunder.

10.2 Vesting of Powers in Successor

Whenever the conditions of Section 10.1 have been duly observed and performed, the parties, if required by Section 10.1, shall execute

and deliver the supplemental trust agreement provided for in Article 11 and thereupon the Parent Successor and such other person that may then be the issuer of the Parent Shares shall possess and from time to time may exercise each and every right and power of the Parent under this Agreement in the name of the Parent or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of the Parent or any officers of the Parent may be done and performed with like force and effect by the directors or officers of such Parent Successor.

10.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing (a) the amalgamation or merger of any wholly-owned direct or indirect subsidiary of the Parent with or into the Parent, (b) the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of the Parent, provided that all of the assets of such subsidiary are transferred to the Parent or another wholly-owned direct or indirect subsidiary of the Parent, (c) any other distribution of the assets of any wholly-owned direct or indirect subsidiary of the Parent among the shareholders of such subsidiary for the purpose of winding up its affairs or (d) any such transactions which are expressly permitted by this Article 10.

10.4 Successor Transactions

Notwithstanding the foregoing provisions of this Article 10, in the event of a the Parent Control Transaction:

(a) in which the Parent merges or amalgamates with, or in which all or substantially all of the then outstanding Parent Shares are acquired by, one or more other corporations to which the Parent is, immediately before such merger, amalgamation or acquisition, "related" within the meaning of the *Income Tax Act* (Canada) (otherwise than by virtue of a right referred to in paragraph 251(5)(b) thereof);

(b) which does not result in an acceleration of the Redemption Date in accordance with paragraph (ii) of that definition; and

(c) in which all or substantially all of the then outstanding Parent Shares are converted into or exchanged for shares or rights to receive such shares (the "**Other Shares**") of another corporation (the "**Other Corporation**") that, immediately after such Parent Control Transaction, owns or controls, directly or indirectly, the Parent,

then, (i) all references herein to "the Parent" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "Parent Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments, if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 4 of the Exchange Agreement or exchange of such shares pursuant to this Agreement immediately subsequent to the Parent Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 4 of the Exchange Agreement, or exchange of such shares pursuant to this Agreement had occurred immediately prior to the Parent Control Transaction and the Parent Control Transaction was completed) without any need to amend the terms and conditions of this Agreement and without any further action required and (ii) the Parent shall cause the Other Corporation to deposit one or more voting securities of such Other Corporation to allow Beneficiaries to exercise voting rights in respect of the Other Corporation substantially similar to those provided for in this Agreement.

ARTICLE 11
AMENDMENTS AND SUPPLEMENTAL TRUST AGREEMENTS

11.1 Amendments, Modifications, etc.

Subject to Section 11.2, this Agreement may not be amended or modified except by an agreement in writing executed by the Parent, Callco, Exchangeco and the Trustee and approved by the Beneficiaries in accordance with Section 11(b) of the Exchangeable Share Provisions.

11.2 Ministerial Amendments

Notwithstanding the provisions of Section 11.1, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the Beneficiaries, amend or modify this Agreement for the purposes of:

(a) adding to the covenants of any or all parties hereto for the protection of the Beneficiaries if the board of directors of each of the Parent, Callco and Exchangeco shall be of the good faith opinion and the Trustee, acting on the advice of counsel, shall be of the opinion that such additions will not be prejudicial in any material respect to the rights or interests of the Beneficiaries as a whole;

(b) evidencing the succession of Parent Successors and the covenants of and obligations assumed by each such Parent Successor in accordance with the provisions of Article 10;

(c) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions arising hereunder which, in the good faith opinion of the board of directors of each of the Parent, Callco and Exchangeco and in the opinion of the Trustee, having in mind the best interests of the Beneficiaries as a whole, it may be expedient to make, provided that each such board of directors and the Trustee shall be of the good faith opinion, after consultation with counsel, that such amendments or modifications will not be prejudicial in any material respect to the rights or interests of the Beneficiaries as a whole; or

(d) making such changes or corrections which, on the advice of counsel to the Parent, Callco, Exchangeco and the Trustee, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that each such board of directors and the Trustee shall be of the good faith opinion that such changes or corrections will not be prejudicial in any material respect to the rights or interests of the Beneficiaries as a whole.

11.3 Meeting to Consider Amendments

Exchangeco, at the request of the Parent, shall call a meeting or meetings of the Beneficiaries for the purpose of considering any proposed amendment or modification requiring approval pursuant hereto. Any such meeting or meetings shall be called and held in accordance with the constating documents of Exchangeco, the Exchangeable Share Provisions and all applicable laws.

11.4 Changes in Capital of the Parent and Exchangeco

At all times after the occurrence of any event contemplated pursuant to Section 2.7 or 2.8 of the Support Agreement or otherwise, as a result of which either Parent Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which Parent Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver a supplemental trust agreement giving effect to and evidencing such necessary amendments and modifications.

11.5 Execution of Supplemental Trust Agreements

Notwithstanding the provisions of Section 11.1, from time to time the Parent, Callco and Exchangeco (in each case, when authorized by a resolution of its board of directors) and the Trustee may, subject to the provisions of these presents, and they shall, when so directed by these presents, execute and deliver by their proper officers, trust agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

(a) evidencing the succession of Parent Successors and the covenants of and obligations assumed by each such Parent Successor in accordance with the provisions of Article 10 and the successors of the Trustee or any successor trustee in accordance with the provisions of Article 9;

(b) making any additions to, deletions from or alterations of the provisions of this Agreement or the Voting Rights, the Exchange Right or the Automatic Exchange Right which, in the opinion of the Trustee, will not be prejudicial to the interests of the Beneficiaries or are, in the opinion of counsel to the Trustee, necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to the Parent, Callco, Exchangeco, the Trustee or this Agreement; and

(c) for any other purposes not inconsistent with the provisions of this Agreement, including to make or evidence any amendment or modification to this Agreement as contemplated hereby; provided that, in the opinion of the Trustee, the rights of the Trustee and Beneficiaries will not be prejudiced thereby.

ARTICLE 12
TERMINATION

12.1 Term

The Trust created by this Agreement shall continue until the earliest to occur of the following events:

(a) no outstanding Exchangeable Shares are held by a Beneficiary; and

(b) each of the Parent, Callco and Exchangeco elects in writing to terminate the Trust and such termination is approved by the Beneficiaries in accordance with Section 11(b) of the Exchangeable Share Provisions.

12.2 Survival of Agreement

This Agreement shall survive any termination of the Trust and shall continue until there are no Exchangeable Shares outstanding held by a Beneficiary; provided, however, that the provisions of Article 7 and Article 8 shall survive any such termination of this Agreement.

ARTICLE 13
GENERAL

13.1 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

13.2 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns and, subject to the terms hereof, to the benefit of the Beneficiaries.

13.3 Notices to Parties

Any notice and other communications required or permitted to be given pursuant to this Agreement shall be sufficiently given if delivered in person or if sent by facsimile or email transmission (provided such transmission is recorded as being transmitted successfully) to the parties at the following addresses:

(a) In the case of the Parent, Callco or Exchangeco to the following address:

DelMar Pharmaceuticals, Inc.

36 Mclean Street

Red Bank, NJ 07701

USA

Attn: Lisa Guise

Fax: 732-865-4252

Email: Soar222@yahoo.com

with a copy to (which shall not constitute notice):

Synergy Law Group, L.L.C.

730 W. Randolph Street, 6th Floor

Chicago, IL 60661

USA

Attn: Carol S. McMahan

Fax: 312-454-0261

Email: cmcmahan@synergylawgroup.com

(b) In the case of Trustee to:

Computershare Trust Company of Canada

510 Burrard Street, 2nd Floor

Vancouver, British Columbia V6C 3B9

Canada

Attn: Corporate Trust

Fax: (604) 661 9401

or at such other address as the party to which such notice or other communication is to be given has last notified the party given the same in the manner provided in this section, and if not given the same shall be deemed to have been received on the date of such delivery or sending.

13.4 Notice to Beneficiaries

Any notice, request or other communication to be given to a Beneficiary shall be in writing and shall be valid and effective if given by mail (postage pre-paid) or by delivery, to the address of the holder recorded in the securities register of Exchangeco or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the fifth day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares, or any defect in such notice, shall not invalidate or otherwise alter or affect any action or proceeding to be taken pursuant thereto.

13.5 Force Majeure

No party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 13.5.

13.6 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

13.7 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

13.8 Attornment

Each of the Parent, Callco, Exchangeco and the Trustee agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of British Columbia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the non-exclusive jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgement of the said courts and not to seek, and hereby waives, any review of the merits of any such judgement by the courts of any other jurisdiction, and the Parent hereby appoints Exchangeco at its registered office in the Province of British Columbia as attorney for service of process.

[the remainder of this page is left intentionally blank – signature page follows]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

DELMAR PHARMACEUTICALS, INC.

By: /s/ Lisa Guise
Name: Lisa Guise
Title: President

0959454 B.C. LTD.

By: /s/ Lisa Guise
Name: Lisa Guise
Title: President

0959456 B.C. LTD.

By: /s/ Lisa Guise
Name: Lisa Guise
Title: President

COMPUTERSHARE TRUST COMPANY OF CANADA

By: /s/ Gabriel Ducharme /s/ Jennifer Wong
Name: Gabriel Ducharme Jennifer Wong
Title: Corporate Trust Officer Manager

Exhibit 10.4

SUBSCRIPTION AGREEMENT

Pubco (to be identified prior to closing) Del Mar Pharmaceuticals (BC) Ltd.
Suite 720 - 999 West Broadway
Vancouver, British Columbia
Canada V5Z 1K5

Ladies and Gentlemen:

1. **Subscription.** The undersigned (the "Purchaser"), intending to be legally bound, hereby irrevocably agrees to purchase from Pubco[1], a Nevada corporation (the "Company") the number of units (the "Units") set forth on the signature page hereof at a purchase price of $0.80 per Unit. Each Unit consists of (i) one share of the Company's common stock, par value $0.001 per share (the "Common Stock") and (ii) a 5 year warrant (each, a "Warrant" and collectively, the "Warrants") to purchase one share of Common Stock at an exercise price of $0.80 per share. The Units are being purchased in connection with a reverse acquisition transaction between Del Mar Pharmaceuticals (BC) Ltd. ("DelMar"), the Company and two wholly-owned subsidiaries of the Company.

2. This subscription is submitted to you in accordance with and subject to the terms and conditions described in this Subscription Agreement and the Confidential Private Placement Memorandum of the Company and DelMar dated January 4, 2013, as amended or supplemented from time to time, including all attachments, schedules and exhibits thereto (the "Memorandum"), relating to the offering (the "Offering") by the Company of a minimum of 3,125,000 Units ($2,500,000) ("Minimum Offering Amount"), and up to a maximum of 9,375,000 Units ($7,500,000) ("Maximum Offering Amount"). Charles Vista, LLC has been engaged as placement agent in connection with the Offering (the "Placement Agent"). The terms of the Offering are more completely described in the Memorandum and such terms are incorporated herein in their entirety.

3. **Payment.** The Purchaser encloses herewith a check payable to, or will immediately make a wire transfer payment to, "Signature Bank, Escrow Agent for Del Mar Pharmaceuticals (BC) Ltd." in the full amount of the purchase price of the Units being subscribed for. Wire transfer instructions are set forth on page 11 hereof under the heading "To subscribe for Units in the private offering of Pubco/Del Mar Pharmaceuticals (BC) Ltd." Such funds will be held for the Purchaser's benefit, and will be returned promptly, without interest or offset if this Subscription Agreement is not accepted by the Company and DelMar, the Offering is terminated pursuant to its terms by the Company prior to the First Closing (as hereinafter defined), or the Minimum Offering Amount is not sold. Together with a check for, or wire transfer of, the full purchase price, the Purchaser is delivering a completed and executed Omnibus Signature Page to this Subscription Agreement and the Registration Rights Agreement, in the form of Exhibit C to the Memorandum (the "Registration Rights Agreement").

1 The identity of Pubco will be circulated to potential investors prior to the closing. In connection with the consummation of the proposed reverse acquisition transaction, it is contemplated that Pubco will change its name to DelMar Pharmaceuticals, Inc. (or a substantially similar name to be determined by management).

4. **Deposit of Funds.** All payments made as provided in Section 3 hereof shall be deposited by the Company, DelMar or the Placement Agent as soon as practicable after receipt thereof with Signature Bank (the "Escrow Agent"), in a non-interest-bearing escrow account (the "Escrow Account") until the earliest to occur of (a) the closing of the sale of the Minimum Offering Amount (the "First Closing"), (b) the rejection of such subscription, and (c) the termination of the Offering by the Company, DelMar or the Placement Agent. The Company, DelMar and the Placement Agent may continue to offer and sell the Units and conduct additional closings for the sale of additional Units after the First Closing and until the termination of the Offering.

5. **Acceptance of Subscription.** The Purchaser understands and agrees that the Company and DelMar, in their sole discretion, reserves the right to accept or reject this or any other subscription for Units, in whole or in part, notwithstanding prior receipt by the Purchaser of notice of acceptance of this subscription. The Company shall have no obligation hereunder until the Company shall execute and deliver to the Purchaser an executed copy of this Subscription Agreement. If this subscription is rejected in whole, the Offering of Units is terminated or the Offering Amount is not raised, all funds received from the Purchaser will be returned without interest or offset, and this Subscription Agreement shall thereafter be of no further force or effect. If this subscription is rejected in part, the funds for the rejected portion of this subscription will be returned without interest or offset, and this Subscription Agreement will continue in full force and effect to the extent this subscription was accepted.

6. **Representations and Warranties**.

The Purchaser hereby acknowledges, represents, warrants, and agrees as follows:

(a) None of the shares of Common Stock or the shares of Common Stock issuable upon exercise of the Warrants (the "Warrant Shares") offered pursuant to the Memorandum are registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The Purchaser understands that the offering and sale of the Units is intended to be exempt from registration under the Securities Act, by virtue of Section 4(2) thereof and the provisions of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") thereunder, based, in part, upon the representations, warranties and agreements of the Purchaser contained in this Subscription Agreement;

(b) Prior to the execution of this Subscription Agreement, the Purchaser and the Purchaser's attorney, accountant, purchaser representative and/or tax adviser, if any (collectively, the "Advisers"), have received the Memorandum and all other documents requested by the Purchaser, have carefully reviewed them and understand the information contained therein;

(c) Neither the Securities and Exchange Commission nor any state securities commission or other regulatory authority has approved the Units, the Common Stock, the Warrants or the Warrant Shares, or passed upon or endorsed the merits of the offering of Units or

confirmed the accuracy or determined the adequacy of the Memorandum. The Memorandum has not been reviewed by any federal, state or other regulatory authority;

(d) All documents, records, and books pertaining to the investment in the Units (including, without limitation, the Memorandum) have been made available for inspection by such Purchaser and its Advisers, if any;

(e) The Purchaser and its Advisers, if any, have had a reasonable opportunity to ask questions of and receive answers from a person or persons acting on behalf of the Company concerning the offering of the Units and the business, financial condition and results of operations of the Company and DelMar, and all such questions have been answered to the full satisfaction of the Purchaser and its Advisers, if any;

(f) In evaluating the suitability of an investment in the Company, the Purchaser has not relied upon any representation or information (oral or written) other than as stated in the Memorandum;

(g) The Purchaser is unaware of, is in no way relying on, and did not become aware of the Offering of the Units through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the Internet (including, without limitation, internet "blogs," bulletin boards, discussion groups and social networking sites) in connection with the Offering and sale of the Units and is not subscribing for the Units and did not become aware of the Offering of the Units through or as a result of any seminar or meeting to which the Purchaser was invited by, or any solicitation of a subscription by, a person not previously known to the Purchaser in connection with investments in securities generally;

(h) The Purchaser has taken no action that would give rise to any claim by any person for brokerage commissions, finders' fees or the like relating to this Subscription Agreement or the transactions contemplated hereby (other than commissions to be paid by the Company to the Placement Agent or as otherwise described in the Memorandum);

(i) The Purchaser, together with its Advisers, if any, has such knowledge and experience in financial, tax, and business matters, and, in particular, investments in securities, so as to enable it to utilize the information made available to it in connection with the Offering to evaluate the merits and risks of an investment in the Units and the Company and to make an informed investment decision with respect thereto;

(j) The Purchaser is not relying on the Company, DelMar, the Placement Agent or any of their respective employees or agents with respect to the legal, tax, economic and related considerations of an investment in the Units, and the Purchaser has relied on the advice of, or has consulted with, only its own Advisers;

(k) The Purchaser is acquiring the Units solely for such Purchaser's own account for investment purposes only and not with a view to or intent of resale or distribution thereof, in whole or in part. The Purchaser has no agreement or arrangement, formal or informal, with any

person to sell or transfer all or any part of the Units, the shares of Common Stock, the Warrants or the Warrant Shares, and the Purchaser has no plans to enter into any such agreement or arrangement;

(l) The Purchaser must bear the substantial economic risks of the investment in the Units indefinitely because none of the securities included in the Units may be sold, hypothecated or otherwise disposed of unless subsequently registered under the Securities Act and applicable state securities laws or an exemption from such registration is available. Legends shall be placed on the securities included in the Units to the effect that they have not been registered under the Securities Act or applicable state securities laws and appropriate notations thereof will be made in the Company's stock books. Appropriate notations will be made in the Company's stock books to the effect that the securities included in the Units have not been registered under the Securities Act or applicable state securities laws. Stop transfer instructions will be placed with the transfer agent of the Units. The Company has agreed that purchasers of the Units will have, with respect to the shares of Common Stock and the Warrant Shares, the registration rights described in the Registration Rights Agreement. Notwithstanding such registration rights, there can be no assurance that there will be any market for resale of the Units, the Common Stock, the Warrants or the Warrant Shares, nor can there be any assurance that such securities will be freely transferable at any time in the foreseeable future;

(m) The Purchaser has adequate means of providing for such Purchaser's current financial needs and foreseeable contingencies and has no need for liquidity of its investment in the Units for an indefinite period of time;

(n) The Purchaser is aware that an investment in the Units is high risk, involving a number of very significant risks and has carefully read and considered the matters set forth under the caption “Risk Factors” in the Memorandum, and, in particular, acknowledges that DelMar has a limited operating history, significant operating losses since inception, no revenues to date, limited assets and is engaged in a highly competitive business;

(o) The Purchaser meets the requirements of at least one of the suitability standards for an “accredited investor” as that term is defined in Regulation D and as set forth on the Accredited Investor Certification contained herein;

(p) The Purchaser (i) if a natural person, represents that the Purchaser has reached the age of 21 and has full power and authority to execute and deliver this Subscription Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof; (ii) if a corporation, partnership, or limited liability company or partnership, or association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Units, such entity is duly organized, validly existing and in good standing under the laws of the state of its organization, the consummation of the transactions contemplated hereby is authorized by, and will not result in a violation of state law or its charter or other organizational documents, such entity has full power and authority to execute and deliver this Subscription Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof and to purchase and hold the securities constituting the Units, the execution and delivery of this Subscription Agreement has been duly authorized by all necessary action, this Subscription Agreement has been duly executed and

delivered on behalf of such entity and is a legal, valid and binding obligation of such entity; or (iii) if executing this Subscription Agreement in a representative or fiduciary capacity, represents that it has full power and authority to execute and deliver this Subscription Agreement in such capacity and on behalf of the subscribing individual, ward, partnership, trust, estate, corporation, or limited liability company or partnership, or other entity for whom the Purchaser is executing this Subscription Agreement, and such individual, partnership, ward, trust, estate, corporation, or limited liability company or partnership, or other entity has full right and power to perform pursuant to this Subscription Agreement and make an investment in the Company, and represents that this Subscription Agreement constitutes a legal, valid and binding obligation of such entity. The execution and delivery of this Subscription Agreement will not violate or be in conflict with any order, judgment, injunction, agreement or controlling document to which the Purchaser is a party or by which it is bound;

(q) The Purchaser and the Advisers, if any, have had the opportunity to obtain any additional information, to the extent the Company and/or DelMar have such information in its possession or could acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in the Memorandum and all documents received or reviewed in connection with the purchase of the Units and have had the opportunity to have representatives of the Company and DelMar provide them with such additional information regarding the terms and conditions of this particular investment and the financial condition, results of operations, business of the Company and DelMar deemed relevant by the Purchaser or the Advisers, if any, and all such requested information, to the extent the Company had such information in its possession or could acquire it without unreasonable effort or expense, has been provided to the full satisfaction of the Purchaser and the Advisers, if any;

(r) Any information which the Purchaser has heretofore furnished or is furnishing herewith to the Company, DelMar or the Placement Agent is complete and accurate and may be relied upon by the Company, DelMar and the Placement Agent in determining the availability of an exemption from registration under federal and state securities laws in connection with the offering of securities as described in the Memorandum. The Purchaser further represents and warrants that it will notify and supply corrective information to the Company, DelMar and the Placement Agent immediately upon the occurrence of any change therein occurring prior to the Company's issuance of the securities contained in the Units;

(s) The Purchaser has significant prior investment experience, including investment in non-listed and non-registered securities. The Purchaser is knowledgeable about investment considerations in companies with limited operating histories. The Purchaser has a sufficient net worth to sustain a loss of its entire investment in the Company in the event such a loss should occur. The Purchaser's overall commitment to investments which are not readily marketable is not excessive in view of the Purchaser’s net worth and financial circumstances and the purchase of the Units will not cause such commitment to become excessive. The investment is a suitable one for the Purchaser;

(t) The Purchaser is satisfied that the Purchaser has received adequate information with respect to all matters which it or the Advisers, if any, consider material to its decision to make this investment;

(u) The Purchaser acknowledges that any estimates or forward-looking statements or projections included in the Memorandum were prepared by DelMar in good faith but that the attainment of any such projections, estimates or forward-looking statements cannot be guaranteed by the Company or DelMar and should not be relied upon;

(v) No oral or written representations have been made, or oral or written information furnished, to the Purchaser or the Advisers, if any, in connection with the Offering which are in any way inconsistent with the information contained in the Memorandum;

(w) Within five (5) days after receipt of a request from the Company, DelMar or the Placement Agent, the Purchaser will provide such information and deliver such documents as may reasonably be necessary to comply with any and all laws and ordinances to which the Company, DelMar or the Placement Agent is subject;

(x) The Purchaser's substantive relationship with the Placement Agent or subagent through which the Purchaser is subscribing for Units predates the Placement Agent's or such subagent's contact with the Purchaser regarding an investment in the Units;

(y) THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE SECURITIES HAVE NOT BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM OR THIS SUBSCRIPTION AGREEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL;

(z) In making an investment decision investors must rely on their own examination of the Company, DelMar and the terms of the Offering, including the merits and risks involved. The Purchaser should be aware that it will be required to bear the financial risks of this investment for an indefinite period of time;

(aa) **(For ERISA plans only)** The fiduciary of the ERISA plan (the "Plan") represents that such fiduciary has been informed of and understands the Company's investment objectives, policies and strategies, and that the decision to invest "plan assets" (as such term is defined in ERISA) in the Company is consistent with the provisions of ERISA that require diversification of plan assets and impose other fiduciary responsibilities. The Purchaser fiduciary or Plan (a) is responsible for the decision to invest in the Company; (b) is independent of the Company or any of its affiliates; (c) is qualified to make such investment decision; and (d) in making such decision, the Purchaser fiduciary or Plan has not relied primarily on any advice or recommendation of the Company or any of its affiliates;

(bb) **The Purchaser should check the Office of Foreign Assets Control ("OFAC") website at <http://www.treas.gov/ofac> before making the following representations**. The Purchaser represents that the amounts invested by it in the Company in the Offering were not and are not directly or indirectly derived from activities that contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs

administered by OFAC (the "OFAC Programs") prohibit dealing with individuals[2] or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists;

(cc) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an OFAC list, or a person or entity prohibited under the OFAC Programs. The Purchaser acknowledges that the Company may not accept any amounts from a prospective investor if such prospective investor cannot make the representation set forth in the preceding paragraph. The Purchaser agrees to promptly notify the Company and the Placement Agent should the Purchaser become aware of any change in the information set forth in these representations. The Purchaser understands and acknowledges that, by law, the Company may be obligated to "freeze the account" of the Purchaser, either by prohibiting additional subscriptions from the Purchaser, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and the Placement Agent may also be required to report such action and to disclose the Purchaser's identity to OFAC. The Purchaser further acknowledges that the Company may, by written notice to the Purchaser, suspend the redemption rights, if any, of the Purchaser if the Company reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Company and the Placement Agent or any of the Company's other service providers. These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs;

(dd) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a senior foreign political figure,[3] or any immediate family[4] member or close associate[5] of a senior foreign political figure, as such terms are defined in the footnotes below; and

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[2] These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions
and embargo programs

[3] A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

[4] "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

(ee) If the Purchaser is affiliated with a non-U.S. banking institution (a "Foreign Bank"), or if the Purchaser receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Purchaser represents and warrants to the Company that: (1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

7. **Indemnification.** The Purchaser agrees to indemnify and hold harmless the Company, DelMar, the Placement Agent, and their respective officers, directors, employees, agents, control persons and affiliates from and against all losses, liabilities, claims, damages, costs, fees and expenses whatsoever (including, but not limited to, any and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened) based upon or arising out of any actual or alleged false acknowledgment, representation or warranty, or misrepresentation or omission to state a material fact, or breach by the Purchaser of any covenant or agreement made by the Purchaser herein or in any other document delivered in connection with this Subscription Agreement.

8. **Irrevocability; Binding Effect.** The Purchaser hereby acknowledges and agrees that the subscription hereunder is irrevocable by the Purchaser, except as required by applicable law, and that this Subscription Agreement shall survive the death or disability of the Purchaser and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives, and permitted assigns. If the Purchaser is more than one person, the obligations of the Purchaser hereunder shall be joint and several and the agreements, representations, warranties, and acknowledgments herein shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, legal representatives, and permitted assigns.

9. **Modification.** This Subscription Agreement shall not be modified or waived except by an instrument in writing signed by the party against whom any such modification or waiver is sought.

10. **Immaterial Modifications to the Registration Rights Agreement.** The Company may, at any time prior to the First Closing, modify the Registration Rights Agreement if necessary to clarify any provision therein, without first providing notice or obtaining prior consent of the Purchaser, if, and only if, such modification is not material in any respect.

[5] A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

11. **Notices.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, or delivered against receipt to the party to whom it is to be given (a) if to the Company or DelMar, at the address set forth above, or (b) if to the Purchaser, at the address set forth on the signature page hereof (or, in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 10). Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof, except for a notice changing a party's address which shall be deemed given at the time of receipt thereof.

12. **Assignability.** This Subscription Agreement and the rights, interests and obligations hereunder are not transferable or assignable by the Purchaser and the transfer or assignment of the shares of Common Stock or the Warrants shall be made only in accordance with all applicable laws.

13. **Applicable Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts to be wholly- performed within said State.

14. **Arbitration.** The parties agree to submit all controversies to arbitration in accordance with the provisions set forth below and understand that:

(a) Arbitration is final and binding on the parties.

(b) The parties are waiving their right to seek remedies in court, including the right to a jury trial.

(c) Pre-arbitration discovery is generally more limited and different from court proceedings.

(d) The arbitrator's award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by arbitrators is strictly limited.

(e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

(f) All controversies which may arise between the parties concerning this Subscription Agreement shall be determined by arbitration pursuant to the rules then pertaining to the Financial Industry Regulatory Authority, Inc. ("FINRA") in New York City, New York. Judgment on any award of any such arbitration may be entered in the Supreme Court of the State of New York or in any other court having jurisdiction of the person or persons against whom such award is rendered**.** Any notice of such arbitration or for the confirmation of any award in any arbitration shall be sufficient if given in accordance with the provisions of this Agreement. The parties agree that the determination of the arbitrators shall be binding and conclusive upon them.

15. **Blue Sky Qualification.** The purchase of Units under this Subscription Agreement is expressly conditioned upon the exemption from qualification of the offer and sale of the Units

from applicable federal and state securities laws. The Company shall not be required to qualify this transaction under the securities laws of any jurisdiction and, should qualification be necessary, the Company shall be released from any and all obligations to maintain its offer, and may rescind any sale contracted, in the jurisdiction.

16. **Use of Pronouns.** All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

17. **Confidentiality.** The Purchaser acknowledges and agrees that any information or data the Purchaser has acquired from or about the Company or DelMar, not otherwise properly in the public domain, was received in confidence. The Purchaser agrees not to divulge, communicate or disclose, except as may be required by law or for the performance of this Agreement, or use to the detriment of the Company or DelMar or for the benefit of any other person or persons, or misuse in any way, any confidential information of the Company or DelMar, including any scientific, technical, trade or business secrets of the Company or DelMar and any scientific, technical, trade or business materials that are treated by the Company or DelMar as confidential or proprietary, including, but not limited to, ideas, discoveries, inventions, developments and improvements belonging to the Company or DelMar and confidential information obtained by or given to the Company or DelMar about or belonging to third parties.

18. **Miscellaneous**.

(a) This Subscription Agreement, together with the Registration Rights Agreement, constitute the entire agreement between the Purchaser and the Company with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings, if any, relating to the subject matter hereof. The terms and provisions of this Subscription Agreement may be waived, or consent for the departure therefrom granted, only by a written document executed by the party entitled to the benefits of such terms or provisions.

(b) The representations and warranties of the Company and the Purchaser made in this Subscription Agreement shall survive the execution and delivery hereof and delivery of the shares of Common Stock and Warrants contained in the Units.

(c) Each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Subscription Agreement and the transactions contemplated hereby whether or not the transactions contemplated hereby are consummated.

(d) This Subscription Agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

(e) Each provision of this Subscription Agreement shall be considered separable and, if for any reason any provision or provisions hereof are determined to be invalid or contrary to
applicable law, such invalidity or illegality shall not impair the operation of or affect the remaining portions of this Subscription Agreement.

(f) Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of this Subscription Agreement as set forth in the text.

(g) The Purchaser understands and acknowledges that there may be multiple closings for this Offering.

19. **Omnibus Signature Page.** This Subscription Agreement is intended to be read and construed in conjunction with the Registration Rights Agreement pertaining to the issuance by the Company of the shares of Common Stock and Warrants to subscribers pursuant to the Memorandum. Accordingly, pursuant to the terms and conditions of this Subscription Agreement and such related agreements it is hereby agreed that the execution by the Purchaser of this Subscription Agreement, in the place set forth herein, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Registration Rights Agreement, with the same effect as if each of such separate but related agreement were separately signed.

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Instructions

To subscribe for Units in the private offering of Pubco/DelMar Pharmaceuticals (BC) Ltd.:

1. **Date and Fill** in the number of Units being purchased and **Complete and Sign** the attached Omnibus Signature Page to the Subscription Agreement and Registration Agreement.

2. **Initial** the Accredited Investor Certification (United States Resident or Canadian Resident, as applicable) page attached hereto.

3. **Complete and Sign** the Investor Profile and, if applicable, Wire Transfer Authorization attached to this letter.

4. **Complete and Sign** the Selling Stockholder Questionnaire.

5. **E-mail** the Omnibus Signature Page, Accredited Investor Certification page, Investor Profile and, if applicable, Wire Transfer Authorization, to Vesselin Mihaylov at vmihaylov@charlesvitsa.com and then send all signed original documents with check (if applicable) to:

   Mr. Vesselin Mihaylov
   Charles Vista, LLC
   201 Edward Curry Avenue Suite 103
   Staten Island, NY 10314

6. Please make your subscription payment payable to the order of **"Signature Bank, Escrow**

Agent for DEL MAR PHARMACEUTICALCS (BC) LTD."

For wiring funds directly to the escrow account, see the following instructions:

Bank:	Signature Bank
Acct. Name:	Signature Bank as Escrow Agent for DelMar Pharmaceuticals (BC) Ltd. 950 Third Avenue, 9th Floor New York, NY 10022
ABA Number:	
A/C Number:	
FBO:	**Investor Name** Social Security Number Address

All funds tendered by Investors will be held in a non-interest bearing escrow account in the Company's name at Signature Bank, 950 Third Avenue, 9th Floor, New York, NY 10022. It is contemplated that the funds will be released from escrow at such time (or promptly thereafter) as all conditions to closing as set forth in the Subscription Agreement have been satisfied (or otherwise waived) and a closing is consummated. It is contemplated that in the event that the Company and Charles Vista, LLC do not provide written instructions to Signature Bank with respect to the disbursement of funds on or before March 30, 2013 (subject to an extension until no later than June 30, 2013) the Company will refund all subscription funds, without interest accrued thereon or deduction therefrom, and will return the documents previously delivered to each subscriber, and such documents will be terminated and of no force or effect.

Questions regarding completion of the attached Transaction Documents should be directed to Vesselin Mihaylov at (800) 799-9070. Thank you for your interest,

Charles Vista, LLC

ANTI MONEY LAUNDERING REQUIREMENTS

The USA PATRIOT Act	What is money laundering?	How big is the problem and why is it important?
The USA PATRIOT Act is designed to detect, deter, and punish terrorists in the United States and abroad. The Act imposes new anti- money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002 all brokerage firms have been required to have new, comprehensive anti-money laundering programs. To help you understand these efforts, we want to provide you with some information about money laundering and the Placement Agent's efforts to implement the USA PATRIOT Act.	Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering, and terrorism.	The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at $1 trillion a year.

What the Placement Agent is required to do to help eliminate money laundering?	
Under new rules required by the USA PATRIOT Act, the Placement Agent's anti-money laundering program must designate a special compliance officer, set up employee training, conduct independent audits, and establish policies and procedures to detect and report suspicious transaction and ensure compliance with the new laws.	As part of the Placement Agent's required program, it may ask you to provide various identification documents or other information. Until you provide the information or documents that the Placement Agent needs, it may not be able to effect any transactions for you.

PUBCO/DEL MAR PHARMACEUTICALS (BC) LTD.

OMNIBUS SIGNATURE PAGE TO THE SUBSCRIPTION AGREEMENT
AND REGISTRATION RIGHTS AGREEMENT

Subscriber hereby elects to subscribe under the Subscription Agreement for a total of ____ Units at a price of $0.80 per Unit (NOTE: to be completed by subscriber) and executes the Subscription Agreement and the Registration Rights Agreement.

Date (NOTE: To be completed by subscriber): _

If the Purchaser is an INDIVIDUAL, and if purchased as JOINT TENANTS, as TENANTS IN COMMON, or as COMMUNITY PROPERTY:

Print Name(s)	**Social Security Number(s)**
Signature(s) of Subscriber(s)	**Signature**
Date	**Address**

If the Purchaser is a PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY or TRUST:

Name of Partnership, Federal Taxpayer Corporation, Limited	**Identification Number Liability Company or Trust**
By:	
Name: **Title:**	**State of Organization**
Date	**Address**

DEL MAR PHARMACEUTICALS (BC) LTD.

By: _____
Authorized Officer

CHARLES VISTA, LLC

By: _____
Authorized Officer

DELMAR PHARMACEUTICALS, INC.

By: _____
Authorized Officer

Exhibit 10.5

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into effective as of [insert], 201_, (the "Effective Date") between DelMar Pharmaceuticals, Inc., a Nevada corporation (the "Company"), and the persons who have executed the signature page(s) hereto (each, a "Purchaser" and collectively, the "Purchasers").

RECITALS:

WHEREAS, the Company has entered into a Plan of Arrangement with Del Mar Pharmaceuticals (BC) Ltd., a British Columbia corporation ("**DelMar**"), and two wholly-owned subsidiaries of the Company, pursuant to which DelMar became a wholly-owned subsidiary of the Company (the "**Acquisition**");

WHEREAS, simultaneously with the Acquisition and to provide the capital required by the Company for working capital and other purposes, the Company has offered in compliance with Rule 506 of Regulation D of the Securities Act (as defined herein), to investors in a private placement transaction (the "**PPO**"), units ("**Units**") of its securities, each Unit consisting of one share of Common Stock (the "**Investor Shares**") and a common stock purchase warrant (the "**Investor Warrants**") to purchase one share of Common Stock;

WHEREAS, the initial closing of the PPO and the closing of the Acquisition have taken place on the Effective Date; and

WHEREAS, in connection with the Acquisition and the PPO, the Company agrees to provide certain registration rights related to the Investor Shares and the shares of Common Stock issuable upon exercise of the Investor Warrants, on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants, and conditions set forth herein, the parties mutually agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Approved Market" means the Over-the-Counter Bulletin Board, the OTC Markets, the

Nasdaq Stock Market, the New York Stock Exchange or the NYSE MKT.

"Blackout Period" means, with respect to a registration, a period, in each case commencing on the day immediately after the Company notifies the Purchasers that they are required, because of the occurrence of an event of the kind described in Section 4(f) hereof, to suspend offers and sales of Registrable Securities during which the Company, in the good faith judgment of its Board of Directors, determines (because of the existence of, or in anticipation of, any acquisition, financing activity, or other transaction involving the Company, or the unavailability for reasons beyond the Company's control of any required financial statements, disclosure of information which is in its best interest not to publicly disclose, or any other event or condition of similar significance to the Company) that the registration and distribution of the Registrable Securities to be covered by such Registration Statement, if any, would be seriously detrimental to the Company and its stockholders and ending on the earlier of (1) the date upon which the material non-public information commencing the Blackout Period is disclosed to the public or ceases to be material and (2) such time as the Company notifies the selling Holders that the Company will no longer delay such filing of the Registration Statement, recommence taking steps to make such Registration Statement effective, or allow sales pursuant to such Registration Statement to resume.

"Business Day" means any day of the year, other than a Saturday, Sunday, or other day on which the Commission is required or authorized to close.

"Commission" means the U. S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Stock" means the common stock, par value $0.001 per share, of the Company and any and all shares of capital stock or other equity securities of: (i) the Company which are added to or exchanged or substituted for the Common Stock by reason of the declaration of any stock dividend or stock split, the issuance of any distribution or the reclassification, readjustment, recapitalization or other such modification of the capital structure of the Company; and (ii) any other corporation, now or hereafter organized under the laws of any state or other governmental authority, with which the Company is merged, which results from any consolidation or reorganization to which the Company is a party, or to which is sold all or substantially all of the shares or assets of the Company, if immediately after such merger, consolidation, reorganization or sale, the Company or the stockholders of the Company own equity securities having in the aggregate more than 50% of the total voting power of such other corporation.

"Effective Date" has the meaning given it in the preamble to this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Family Member" means (a) with respect to any individual, such individual's spouse, any descendants (whether natural or adopted), any trust all of the beneficial interests of which are owned by any of such individuals or by any of such individuals together with any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, the estate of any such individual, and any corporation, association, partnership or limited liability company all of the equity interests of which are owned by those above described individuals, trusts or organizations and (b) with respect to any trust, the owners of the beneficial interests of such trust.

"Holder" means each Purchaser or any of such Purchaser's respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Securities directly or indirectly from a Purchaser or from any Permitted Assignee.

"Initial Registration Statement" means the initial Registration Statement filed pursuant to this Agreement.

"Investor Shares" has the meaning given it in the recitals of this Agreement. "Investor Warrants" has the meaning given it in the recitals of this Agreement.

"Majority Holders" means at any time Holders representing a majority of the Investor Shares and the Investor Warrants.

"Permitted Assignee" means (a) with respect to a partnership, its partners or former partners in accordance with their partnership interests, (b) with respect to a corporation, its stockholders in accordance with their interest in the corporation, (c) with respect to a limited liability company, its members or former members in accordance with their interest in the limited liability company, (d) with respect to an individual party, any Family Member of such party, (e) an entity that is controlled by, controls, or is under common control with a transferor, or (f) a party to this Agreement.

The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"Registrable Securities" means the Investor Shares and the Registrable Warrant Shares but excluding (i) any Registrable Securities that have been publicly sold without registration under the Securities Act either pursuant to Rule 144 of the Securities Act or otherwise, or that are eligible to be sold without restriction under Rule 144 of the Securities Act; or (ii) any Registrable Securities sold by a person in a transaction pursuant to a registration statement filed under the Securities Act.

"Registrable Warrant Shares" means the shares of Common Stock issued or issuable to each Purchaser upon exercise of the Investor Warrants.

"Registration Default Date" means the date that is 180 days after the Registration Filing Date.

"Registration Default Period" means the period following the Registration Filing Date or the Registration Default Date, as applicable, during which any Registration Event occurs and is continuing.

"Registration Event" means the occurrence of any of the following events:

(a) the Company fails to file with the Commission the Registration Statement on or before the Registration Filing Date;

(b) the Registration Statement is not declared effective by the Commission on or before the Registration Default Date;

(c) after the SEC Effective Date, sales cannot be made pursuant to the Registration Statement for any reason (including without limitation by reason of a stop order, or the Company's failure to update the Registration Statement) except as excused pursuant to Section 3(e); or

(d) the Common Stock generally or the Registrable Securities specifically are not listed or included for quotation on an Approved Market, or trading of the Common Stock is suspended or halted on the Approved Market, which at the time constitutes the principal market for the Common Stock, for more than two full, consecutive Trading Days; provided, however, a Registration Event shall not be deemed to occur if all or substantially all trading in equity securities (including the Common Stock) is suspended or halted on the Approved Market for any length of time.

"Registration Filing Date" means the date that is 90 days after the date the PPO is completed or otherwise terminated.

"Registration Statement" means the registration statement that the Company is required to file pursuant to this Agreement to register the Registrable Securities.

"Rule 144" means Rule 144 promulgated by the Commission under the Securities Act.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such Rule.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute promulgated in replacement thereof, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"SEC Effective Date" means the date the Registration Statement is declared effective by the Commission.

"Trading Day" means (a) if the Common Stock is listed or quoted on an Approved Market, then any day during which securities are generally eligible for trading on the Approved Market, or (b) if the Common Stock is not then listed or quoted and traded on an Approved Market, then any business day.

2. Registration.

(a) Registration on Form S-1. Not later than the Registration Filing Date, the Company shall file with the Commission a Registration Statement on Form S-1, or other applicable form, relating to the resale by the Holders of all of the Registrable Securities, and the Company shall use its commercially reasonably efforts to cause such Registration Statement to be declared effective prior to the Registration Default Date. For the avoidance of doubt, the Registration Statement may include such other securities as determined by the Company.

(b) Occurrence of Registration Event. If a Registration Event occurs, then the Company will make payments to each Holder of Registrable Securities (a "**Qualified Purchaser**"), as liquidated damages for the amount of damages to the Qualified Purchaser by reason thereof, at a rate equal to 1.0% of the purchase price per Unit paid by such Holder in the PPO for the Registrable Securities then held by each Qualified Purchaser for each full period of 30 days of the Registration Default Period (which shall be pro rated for any period less than 30 days); provided, however, if a Registration Event occurs (or is continuing) on a date more than one-year after the Company filed a Current Report on Form 8-K relating to the Acquisition and the PPO and providing Form 10 information with respect thereto, liquidated damages shall be paid only with respect to that portion of the Qualified Purchaser's Registrable Securities that cannot then be immediately resold in reliance on Rule 144. Notwithstanding the foregoing, the maximum amount of liquidated damages that the Company will be required to pay to any pursuant to this Section 2(b) shall be an amount equal to 6% of the net proceeds received by the Company from the PPO, and the effect of this limitation on the aggregate liquidated damages will be applied pro rata among the Qualified Purchasers. Each such payment shall be due and payable within five days after the end of each full 30-day period of the Registration Default Period until the termination of the Registration Default Period and within five days after such termination. Such payments shall constitute the Qualified Purchaser's exclusive remedy for such events. If the Company fails to pay any partial liquidated damages or refund pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 8% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The Registration Default Period shall terminate upon (i) the filing of the Registration Statement in the case of clause (a) of the definition of Registration Event, (ii) the SEC Effective Date in the case of clause (b) of the definition of Registration Event, (iii) the ability of the Qualified Purchaser to effect sales pursuant to the Registration Statement in the case of clause (c) of the definition of Registration Event, and (iv) the listing or inclusion and/or trading of the Common Stock on an Approved Market, as the case may be, in the case of clause (d) of the definition of Registration Event. The amounts payable as liquidated damages pursuant to this Section 2(b) shall be payable in lawful money of the United States.

(c) Notwithstanding the provisions of Section 2(b) above, (a) if the Commission does not declare the Registration Statement effective on or before the Registration Default Date, or (b) if the Commission allows the Registration Statement to be declared effective at any time before or after the Registration Default Date, subject to the withdrawal of certain Registrable Securities from the Registration Statement, and the reason for (a) or (b) is the Commission's determination that (x) the offering of any of the Registrable Securities constitutes a primary offering of securities by the Company, (y) Rule 415 may not be relied upon for the registration of the resale of any or all of the Registrable Securities, and/or (z) a Holder of any Registrable Securities must be named as an underwriter, the Holders understand and agree that in the case of (b) the Company may reduce, on a *pro rata* basis, the total number of Registrable Securities to be registered on behalf of each such Holder, and, in the case of (a) or (b), that a Holder shall not be entitled to any liquidated damages with respect to the Registrable Securities not registered for the reason set forth in (a), or so reduced on a *pro rata* basis as set forth in (b). In any such *pro rata* reduction, the number of Registrable Securities to be registered on such Registration Statement will first be reduced by the Registrable Securities represented by the Registrable Warrant Shares (applied, in the case that some Registrable Warrant Shares may be registered, to the Holders on a *pro rata* basis based on the total number of unregistered Registrable Warrant Shares held by such Holders on a fully diluted basis), and second by Registrable Securities represented by Investor Shares (applied, in the case that some Investor Shares may be registered, to the Holders on a *pro rata* basis based on the total number of unregistered Investor Shares held by such Holders). Any Registrable Securities not included in the Initial Registration Statement shall be included in a subsequent Registration Statement the Company will file no later than six months after the prior Registration Statement (or such other period as permitted under the Securities Act and applicable Commission rules and regulations). The Holders acknowledge and agree the provisions of this paragraph may apply to more than one Registration Statement.

3. Registration Procedures for Registrable Securities. The Company will keep each Holder reasonably advised as to the filing and effectiveness of the Registration Statement. At its expense with respect to the Registration Statement, the Company will:

(a) prepare and file with the Commission with respect to the Registrable Securities, a Registration Statement on Form S-1, or any other form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities in accordance with the intended methods of distribution thereof, and use its commercially reasonable efforts to cause such Registration Statement to become effective and shall remain effective until the Investor Warrants are no longer outstanding or for such shorter period ending on the earlier to occur of (i) the date as of which all of the Holders as selling stockholders thereunder may sell all of the Registrable Securities registered for resale thereon without restriction pursuant to Rule 144 (or any successor rule thereto) promulgated under the Securities Act or (ii) the date when all of the Registrable Securities registered thereunder have been sold (the "**Effectiveness Period**"). Thereafter, the Company shall be entitled to withdraw such Registration Statement and the Investors shall have no further right to offer or sell any of the Registrable Securities registered for resale thereon pursuant to the respective Registration Statement (or any prospectus relating thereto);

(b) if the Registration Statement is subject to review by the Commission, promptly respond to all comments and diligently pursue resolution of any comments to the satisfaction of the Commission;

(c) prepare and file with the Commission such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective during the Effectiveness Period;

(d) furnish, without charge, to each Holder of Registrable Securities covered by such Registration Statement (i) a reasonable number of copies of such Registration Statement (including any Attachments thereto other than Attachments incorporated by reference), each amendment and supplement thereto as such Holder may reasonably request, (ii) such number of copies of the prospectus included in such Registration Statement (including each preliminary prospectus and any other prospectus filed under Rule 424 of the Securities Act) as such Holders may reasonably request, in conformity with the requirements of the Securities Act, and (iii) such other documents as such Holder may require to consummate the disposition of the Registrable Securities owned by such Holder, but only during the Effectiveness Period;

(e) use its commercially reasonable efforts to register or qualify such registration under such other applicable securities laws of such jurisdictions as any Holder of Registrable Securities covered by such Registration Statement reasonably requests and as may be necessary for the marketability of the Registrable Securities (such request to be made by the time the applicable Registration Statement is deemed effective by the Commission) and do any and all other acts and things necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder; provided, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph, (ii) subject itself to taxation in any such jurisdiction, or (iii) consent to general service of process in any such jurisdiction.

(f) notify each Holder of Registrable Securities, the disposition of which requires delivery of a prospectus relating thereto under the Securities Act, of the happening of any event (as promptly as practicable after becoming aware of such event), which comes to the Company's attention, that will after the occurrence of such event cause the prospectus included in such Registration Statement, if not amended or supplemented, to contain an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading and the Company shall promptly thereafter prepare and furnish to such Holder a supplement or amendment to such prospectus (or prepare and file appropriate reports under the Exchange Act) so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, unless suspension of the use of such prospectus otherwise is authorized herein or in the event of a Blackout Period, in which case no supplement or amendment need be furnished (or Exchange Act filing made) until the termination of such suspension or Blackout Period;

(g) comply, and continue to comply during the Effectiveness Period, in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission with respect to the disposition of all securities covered by such Registration Statement;

(h) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Securities being offered or sold pursuant to the Registration Statement of the issuance by the Commission of any stop order or other suspension of effectiveness of the Registration Statement;

(i) use its commercially reasonable efforts to cause all the Registrable Securities covered by the Registration Statement to be quoted on the OTC Bulletin Board or such other Approved Market on which securities of the same class or series issued by the Company are then listed or traded;

(j) provide a transfer agent and registrar, which may be a single entity, for the shares of Common Stock at all times;

(k) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates shall be free, to the extent permitted by applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request;

(l) during the Effectiveness Period, refrain from bidding for or purchasing any Common Stock or any right to purchase Common Stock or attempting to induce any person to purchase any such security or right if such bid, purchase or attempt would in any way limit the right of the Holders to sell Registrable Securities by reason of the limitations set forth in Regulation M of the Exchange Act; and

(m) take all other reasonable actions necessary to expedite and facilitate the disposition by the Holders of the Registrable Securities pursuant to the Registration Statement.

4. Suspension of Offers and Sales. Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(f) hereof or of the commencement of a Blackout Period, such Holder shall discontinue the disposition of Registrable Securities included in the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(f) hereof or notice of the end of the Blackout Period, and, if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies (including, without limitation, any and all drafts), other than permanent file copies, then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. Registration Expenses. The Company shall pay all expenses in connection with any registration obligation provided herein, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of counsel for the Company and of its independent accountants; provided, that, in any registration, each party shall pay for its own underwriting discounts and commissions and transfer taxes. Except as provided in this Section and Section 8, the Company shall not be responsible for the expenses of any attorney or other advisor employed by a Holder.

6. Assignment of Rights. No Holder may assign its rights under this Agreement to any party without the prior written consent of the Company; provided, however, that any Holder may assign its rights under this Agreement without such consent to a Permitted Assignee as long as (a) such transfer or assignment is effected in accordance with applicable securities laws; (b) such transferee or assignee agrees in writing to become subject to the terms of this Agreement; and (c) such Holder notifies the Company in writing of such transfer or assignment, stating the name and address of the transferee or assignee and identifying the Registrable Securities with respect to which such rights are being transferred or assigned.

7. Information by Holder. A Holder with Registrable Securities included in any registration shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required in order to comply with any applicable law or regulation in connection with the registration of such Holder's Registrable Securities or any qualification or compliance with respect to such Holder's Registrable Securities and referred to in this Agreement. A form of Selling Stockholder Questionnaire is attached as Attachment A hereto for such purposes.

8. Indemnification.

(a) In the event of the offer and sale of Registrable Securities under the Securities Act, the Company shall, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, its directors, officers, partners, each other person who participates as an underwriter in the offering or sale of such securities, and each other person, if any, who controls or is under common control with such Holder or any such underwriter within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, and expenses to which the Holder or any such director, officer, partner or underwriter or controlling person may become subject under the Securities Act, the Exchange Act, or any other federal or state law, insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement of any material fact contained in any registration statement prepared and filed by the Company under which Registrable Securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission to state therein a material fact required to be stated or necessary to make the statements therein in light of the circumstances in which they were made not misleading, or any violation or alleged violation of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with this Agreement; and the Company shall reimburse the Holder, and each such director, officer, partner, underwriter and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, damage, liability, action or proceeding; provided, that such indemnity agreement found in this Section 8(a) shall in no event exceed the net proceeds from the PPO, as applicable, received by the Company; and provided further, that the Company shall not be liable in any such case (i) to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement in or omission from such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by the Holder specifically for use in the preparation thereof or (ii) if the person asserting any such loss, claim, damage, liability (or action or proceeding in respect thereof) who purchased the Registrable Securities that are the subject thereof did not receive a copy of an amended preliminary prospectus or the final prospectus (or the final prospectus as amended or supplemented) at or prior to the written confirmation of the sale of such Registrable Securities to such person because of the failure of such Holder or underwriter to so provide such amended preliminary or final prospectus and the untrue statement or omission of a material fact made in such preliminary prospectus was corrected in the amended preliminary or final prospectus (or the final prospectus as amended or supplemented). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holders, or any such director, officer, partner, underwriter or controlling person and shall survive the transfer of such shares by the Holder.

(b) As a condition to including Registrable Securities in any registration statement filed pursuant to this Agreement, each Holder agrees to be bound by the terms of this Section 8 and to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or controlling person may become subject under the Securities Act, the Exchange Act, or any other federal or state law, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in any registration statement, any prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in the registration statement or such prospectus or (ii) to the extent that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such prospectus or such form of prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(f) hereof, the use by such Holder of an outdated or defective prospectus after the Company has notified such Holder in writing that the prospectus is outdated or defective and prior to the receipt by such Holder of the advice contemplated in Section 3(f). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in this Section (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; provided, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in the reasonable judgment of counsel to such indemnified party a conflict of interest between such indemnified and indemnifying parties may exist or the indemnified party may have defenses not available to the indemnifying party in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defenses thereof or the indemnifying party fails to defend such claim in a diligent manner, other than reasonable costs of investigation. Neither an indemnified nor an indemnifying party shall be liable for any settlement of any action or proceeding effected without its consent. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement, which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party shall have the right to retain, at its own expense, counsel with respect to the defense of a claim.

(d) If an indemnifying party does or is not permitted to assume the defense of an action pursuant to Sections 9(c) or in the case of the expense reimbursement obligation set forth in Sections 8(a) and (b), the indemnification required by Sections 8(a) and 8(b) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills received or expenses, losses, damages, or liabilities are incurred.

(e) If the indemnification provided for in Section 8(a) or 8(b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall (i) contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense as is appropriate to reflect the proportionate relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission), or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or provides a lesser sum to the indemnified party than the amount hereinafter calculated, not only the proportionate relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant equitable considerations. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

(f) Other Indemnification. Indemnification similar to that specified in this Section (with appropriate modifications) shall be given by the Company and each Holder of Registrable Securities with respect to any required registration or other qualification of securities under any federal or state law or regulation or governmental authority other than the Securities Act.

9. Rule 144. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the Commission that may at any time permit the Holders to sell the Registrable Securities to the public without registration, the Company agrees, until the earlier of such time as the Investor Warrants are no longer outstanding or the Holders no longer own any Registrable Securities: (i) to make and keep public information available as those terms are understood in Rule 144, (ii) to file with the Commission in a timely manner all reports and other documents required to be filed by an issuer of securities registered under the Securities Act or the Exchange Act pursuant to Rule 144, (iii) to furnish in writing upon such Holder's request a written statement by the Company that it has complied with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, and to furnish to such Holder a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as may be reasonably requested in availing such Holder of any rule or regulation of the Commission permitting the selling of any such Registrable Securities without registration and (iv) to undertake any additional actions commercially reasonably necessary to maintain the availability of the use of Rule 144.

10. Independent Nature of Each Purchaser's Obligations and Rights. The obligations of each Purchaser under this Agreement are several and not joint with the obligations of any other Purchaser, and each Purchaser shall not be responsible in any way for the performance of the obligations of any other Purchaser under this Agreement. Nothing contained herein and no action taken by any Purchaser pursuant hereto, shall be deemed to constitute such Purchasers as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the United States of America and the State of New York, both substantive and remedial, without regard to New York conflicts of law principles. Any judicial proceeding brought against either of the parties to this Agreement or any dispute arising out of this Agreement or any matter related hereto shall be brought in the courts of the State of New York, New York County, or in the United States District Court for the Southern District of New York and, by its execution and delivery of this Agreement, each party to this Agreement accepts the jurisdiction of such courts. The foregoing consent to jurisdiction shall not be deemed to confer rights on any person other than the parties to this Agreement.

(b) Remedies. Subject to Section 2(b) of this Agreement, in the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Subject to Section 2(b) of this Agreement, the Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(c) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, Permitted Assignees, executors and administrators of the parties hereto.

(d) No Inconsistent Agreements. The Company has not entered, as of the date hereof, and shall not enter, on or after the date of this Agreement, into any agreement with respect to its securities that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(e) Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof.

(f) Notices, etc. All notices or other communications which are required or permitted under this Agreement shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, by electronic mail, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

If to the Company to:

DelMar Pharmaceuticals, Inc.
Suite 720-999 West Broadway
Vancouver, BC V5Z 1K5, Canada
Attention: Jeffrey Bacha, Chief Executive Officer
Email: jbacha@delmarpharma.com
with copy to:

Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, NY 10006
Attention: Gregory Sichenzia, Esq. Facsimile: (212) 930-9725

If to the Purchasers:

To each Purchaser at the address set forth on the signature page hereto

or at such other address as any party shall have furnished to the other parties in writing.

(g) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Holder, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of such Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereunder occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Holder of any breach or default under this Agreement, or any waiver on the part of any Holder of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

(i) Severability. In the case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(j) Amendments. The provisions of this Agreement may be amended at any time and from time to time, and particular provisions of this Agreement may be waived, with and only with an agreement or consent in writing signed by the Company and the Majority Holders. The Purchasers acknowledge that by the operation of this Section, the Majority Holders may have the right and power to diminish or eliminate all rights of the Purchasers under this Agreement.

[SIGNATURE PAGES FOLLOW]

This Registration Rights Agreement is hereby executed as of the date first above written.

DELMAR PHARMACEUTICALS, INC.

By: _____
Jeffrey Bacha
Chief Executive Officer

THE PURCHASER'S SIGNATURE TO THE SUBSCRIPTION AGREEMENT DATED OF EVEN DATE HEREWITH SHALL CONSTITUTE THE PURCHASER'S SIGNATURE TO THIS REGISTRATION RIGHTS AGREEMENT.

ATTACHMENT A

DELMAR PHARMACEUTICALS, INC.

SELLING STOCKHOLDERS' QUESTIONNAIRE

The following information is requested from you in connection with the preparation and filing by DelMar Pharmaceuticals, Inc. (the "Company") of a Registration Statement on Form S-1 or other appropriate form (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") covering the sale of shares of the Company's common stock, including shares of common stock underlying Warrants (the "Registrable Securities") by certain stockholders of the Company.

We would appreciate your answering all of the questions included in this questionnaire, even though your answers may be in the negative, so that the Company will have a record of your responses for use in connection with the preparation of the Registration Statement. It is requested that you give careful attention to each question and that you complete this questionnaire personally.

In order to assist you in completing this questionnaire, certain terms used herein are defined in the appendix which is attached to this questionnaire. Each of such defined terms has been ***bolded and italicized*** for identification. The term "person," as used in this questionnaire, means any natural person, company, government or political subdivision, agency or instrumentality of a government.

After you have completed the following questionnaire, please send the completed questionnaire by facsimile, (212) 930-9725, e-mail, jcahlon@srff.com, or overnight courier as soon as possible to the attention of Jeff Cahlon, Esq. at Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006.

****

GENERAL INFORMATION

1. Please provide your full name and address or the full name and address of the entity on whose behalf you are completing this questionnaire. The address may be a business, mailing or residence address.

Name:_____
Address: _____

2. Name the Control Person of your organization: _____

3. (a) Are you a broker-dealer registered pursuant to Section 15 of the Exchange Act?
_____

… Yes.
… No.

(b) If your response to Item 3(a) above is no, are you an "affiliate" of a broker-dealer registered pursuant to Section 15 of the Exchange Act?

… Yes.
… No.

For the purposes of this Item 3(b), an "affiliate" of a registered broker-dealer shall include any company that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such broker-dealer, and does not include any individuals employed by such broker-dealer or its affiliates.

(c) Full legal name of person through which you hold the Registrable Securities—(i.e. name of your broker, if applicable, through which your Registered Securities are held):

Name of broker: _____
Contact person: _____
Telephone No.: _____

SECURITIES HOLDINGS

Please fill in all blanks in the following questions related to your ***beneficial ownership*** of the Company's common stock. Generally, the term ***"beneficial ownership"*** refers to any direct or indirect interest in the securities which entitles you to any of the rights or benefits of ownership, even though you may not be the holder of record of the securities. For example, securities held in "street name" over which you exercise voting or investment power would be considered ***beneficially owned*** by you. Other examples of indirect ownership include ownership by a partnership in which you are a partner or by an estate or trust of which you or any member of your ***immediate family*** is a beneficiary. Ownership of securities held in the names of your spouse, minor children or other relatives who live in the same household may be attributed to you.

If you have any reason to believe that any interest in securities of the Company which you may have, however remote, is a beneficial interest, please describe such interest. For purposes of responding to this questionnaire, it is preferable to err on the side of inclusion rather than exclusion. Where the SEC's interpretation of ***beneficial ownership*** would require disclosure of your interest or possible interest in certain securities of the Company, and you believe that you do not actually possess the attributes of ***beneficial ownership***, an appropriate response is to disclose the interest and at the same time disclaim ***beneficial ownership*** of the securities.

Please indicate the amount of common stock of the Company or any of its subsidiaries which you ***beneficially owned*** as of the date hereof.

For each holding:

- State the nature of the holding (*i.e.*, held in your own name, jointly, as a trustee or beneficiary of a trust, as a custodian, as an executor, in discretionary accounts, by your spouse or minor children, by a partnership of which you are a partner, etc.), and
- State whether you are the ***beneficial owner*** by reason of (i) sole voting power, (ii) shared voting power, (iii) sole investment power, (iv) shared investment power, (v) the right to acquire stock within 60 days of the end of the calendar year, and/or (vi) the right to acquire stock with the purpose of changing or influencing control.
- Indicate in the Remarks column whether you have sole or shared voting or investment power with respect to any such securities, and in what capacity (*i.e.,* individual, general partner, trustee) you have such power or powers.
- If you wish to disclaim ***beneficial ownership*** of any shares listed, so indicate by writing the word "Disclaim" in the Remarks column below; you understand that such shares will be shown separately from your beneficial holdings and an appropriate disclaimer set forth.
- If any of the shares listed are subject to any claim, encumbrance, pledge or lien, so indicate in the Remarks column.

1. Your Interest in the Registrable Securities.

(a) State the number of such Registrable Securities beneficially owned by you.

(b) Other than as set forth in your response to Item 1(a) above, do you beneficially own any other securities of the Company?

… Yes.
… No.

(c) If your answer to Item 1(b) above is yes, state the type, the aggregate amount and CUSIP No. (if applicable) of such other securities of the Company beneficially owned by you:

Type: _____
Aggregate amount: _____
CUSIP No.: _____

(d) Did you acquire the securities listed in Item 1(a) above in the ordinary course of business?

… Yes.
… No.

(e) At the time of your purchase of the securities listed in Item 1(a) above, did you have any agreements or understandings, directly or indirectly, with any person to distribute the securities?

… Yes.
… No.

(f) If your response to Item 1(e) above is yes, please describe such agreements or understandings:

_____
_____
_____

2. Nature of Your Beneficial Ownership.

(a) Does someone other than yourself have Control over the securities listed in Item 1(a) above?

… Yes.
… No.

(b) If your response to Item 2(a) above is yes, name your controlling shareholder(s) or other person who has the ability to exercise control over you (the "Controlling Entity"). If the Controlling Entity is not a natural person and is not a publicly held entity, name each shareholder

of such Controlling Entity. If any of these named shareholders are not natural persons or publicly held entities, please provide the same information. This process should be repeated until you reach natural persons or a publicly held entity.

(A)(i) Full legal name of Controlling Entity(ies) or natural person(s) with who have sole or shared voting or dispositive power over the Registrable Securities:

Business address (including street address) (or residence if no business address), telephone number and facsimile number of such person(s):

Address: _____

Telephone: _____

Fax: _____

Name of shareholder:; _____

(B)(i) Full legal name of Controlling Entity(ies):

Business address (including street address) (or residence if no business address), telephone number and facsimile number of such person(s):

Address: _____

Telephone: _____

Fax: _____

Name of shareholder:; _____

If you need more space for this response, please attach additional sheets of paper. Please be sure to indicate your name and the number of the item being responded to on each such additional sheet of paper, and to sign each such additional sheet of paper before attaching it to this Questionnaire. Please note that you may be asked to answer additional questions depending on your responses to the following questions.

3. 5% Stockholders

To the best of my knowledge, all persons (including myself and my ***associates*** and including corporations, partnerships, trusts, associations and other such groups) who ***beneficially own*** more than 5% of any class of the Company's stock are described below:

Name of Beneficial Owner	Class of Shares Beneficially Owned	Holder of Voting or Investment Power

4. No Adverse Interest

All interests I or my *associates* have or will have that are adverse to the Company interests in any pending or contemplated legal proceeding or government investigation to which the Company is or will be a party (or to which its property may be subject) are described below:

Exhibit 10.6

Warrant Certificate No.

NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS.

Effective Date: [ ], 201 Void After: [ ], 201

DELMAR PHARMACEUTICALS, INC.

WARRANT TO PURCHASE COMMON STOCK

DelMar Pharmaceuticals, Inc., a Nevada corporation (the "**Company**"), for value received on [ ], 201 (the "**Effective Date**"), hereby issues to **[ ]** (the "**Holder**" or "**Warrant Holder**") this Warrant (the "**Warrant**") to purchase, **[ ]** shares (each such share as from time to time adjusted as hereinafter provided being a "**Warrant Share**" and all such shares being the "**Warrant Shares**") of the Company's Common Stock (as defined below), at the Exercise Price (as defined below), as adjusted from time to time as provided herein, on or before [ ], 201__ (the "**Expiration Date**"), all subject to the following terms and conditions. This Warrant is one of a series of warrants of like tenor that have been issued in connection with the Company's private offering solely to accredited investors of units in accordance with, and subject to, the terms and conditions described in the Subscription Agreement, attached to the Confidential Private Placement Memorandum of the Company dated January 4, 2013, as the same may be amended and supplemented from time to time (the "**Subscription Agreement**" and the "**Private Placement Memorandum**" respectively). This Warrant is one of a series of warrants of like tenor that have been issued in connection with the Company's private offering solely to accredited investors of units in accordance with, and subject to, the terms and conditions described in the Subscription Agreement, attached to the Confidential Private Placement Memorandum of the Company dated January 4, 2013, as the same may be amended and supplemented from time to time (the "**Subscription Agreement**" and the "**Private Placement Memorandum**" respectively).

As used in this Warrant, (i) "**Business Day**" means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York, New York, are authorized or required by law or executive order to close; (ii) "**Common Stock**" means the common stock of the Company, par value $0.001 per share, including any securities issued or issuable with respect thereto or into which or for which such shares may be exchanged for, or converted into, pursuant to any stock dividend, stock split, stock combination, recapitalization, reclassification, reorganization or other similar event; (iii) "**Exercise Price**" means $0.80 per share of Common Stock, subject to adjustment as provided herein; (iv) "**Trading Day**" means any day on which the Common Stock is traded (or available for trading) on its principal trading market; (v) "**Affiliate**" means any person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, a person, as such terms are used and construed in Rule 144 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**") and (vi) "**Warrantholders**" means the holders of Warrants issued pursuant to the Subscription Agreement and Private Placement Memorandum.

1. DURATION AND EXERCISE OF WARRANTS

(a) Exercise Period. The Holder may exercise this Warrant in whole or in part on any Business Day on or before 5:00 P.M., Eastern Time, on the Expiration Date, at which time this Warrant shall become void and of no value.

(b) Exercise Procedures.

(i) While this Warrant remains outstanding and exercisable in accordance with Section 1(a), the Holder may exercise this Warrant in whole or in part at any time and from time to time by:

(A) delivery to the Company of a duly executed copy of the Notice of Exercise attached as **Attachment A**;

(B) surrender of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder; provided, that the Company shall specify the same within 24 hours of receiving the Notice of Exercise; and

(C) payment of the then-applicable Exercise Price per share multiplied by the number of Warrant Shares being purchased upon exercise of the Warrant (such amount, the "**Aggregate Exercise Price**") made in the form of cash, or by certified check, bank draft or money order payable in lawful money of the United States of America.

(ii) Upon the exercise of this Warrant in compliance with the provisions of this Section 1(b), the Company shall promptly issue and cause to be delivered to the Holder a certificate for the Warrant Shares purchased by the Holder. Each exercise of this Warrant shall be effective immediately prior to the close of business on the date (the "**Date of Exercise**") that the conditions set forth in Section 1(b) have been satisfied, as the case may be. On or before the first Business Day following the date on which the Company has received each of the Notice of Exercise and the Aggregate Exercise Price (the "**Exercise Delivery Documents**"), the Company shall transmit an acknowledgment of receipt of the Exercise Delivery Documents to the Company's transfer agent (the "**Transfer Agent**"). On or before the third Business Day following the date on which the Company has received all of the Exercise Delivery Documents (the "**Share Delivery Date**"), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and dispatch by overnight courier to the address as specified in the Notice of Exercise, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares.

(iv) If the Company shall fail for any reason or for no reason to issue to the Holder, within three (3) Business Days of receipt of the Exercise Delivery Documents, a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant, and if on or after such Business Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "**Buy-In**"), then the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such shares of Common Stock) shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such shares of Common Stock and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) the closing bid price on the date of exercise.

(c) Partial Exercise. This Warrant shall be exercisable, either in its entirety or, from time to time, for part only of the number of Warrant Shares referenced by this Warrant. If this Warrant is submitted in connection with any exercise pursuant to Section 1 and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the actual number of Warrant Shares being acquired upon such an exercise, then the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue a new Warrant of like tenor representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 16.

2. ISSUANCE OF WARRANT SHARES

(a) The Company covenants that all Warrant Shares will, upon issuance in accordance with the terms of this Warrant, be (i) duly authorized, fully paid and non-assessable, and (ii) free from all liens, charges and security interests, with the exception of claims arising through the acts or omissions of any Holder and except as arising from applicable Federal and state securities laws.

(b) The Company shall register this Warrant upon records to be maintained by the Company for that purpose in the name of the record holder of such Warrant from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner thereof for the purpose of any exercise thereof, any distribution to the Holder thereof and for all other purposes.

(c) The Company will not, by amendment of its certificate of incorporation, by-laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all action necessary or appropriate in order to protect the rights of the Holder to exercise this Warrant, or against impairment of such rights.

3. ADJUSTMENTS OF EXERCISE PRICE, NUMBER AND TYPE OF WARRANT SHARES

(a) The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 3; provided, that notwithstanding the provisions of this Section 3, the Company shall not be required to make any adjustment if and to the extent that such adjustment would require the Company to issue a number of shares of Common Stock in excess of its authorized but unissued shares of Common Stock, less all amounts of Common Stock that have been reserved for issue upon the conversion of all outstanding securities convertible into shares of Common Stock and the exercise of all outstanding options, warrants and other rights exercisable for shares of Common Stock.

(i) Subdivision or Combination of Stock. In case the Company shall at any time subdivide (whether by way of stock dividend, stock split or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Warrant Shares shall be proportionately increased, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined (whether by way of stock combination, reverse stock split or otherwise) into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares shall be proportionately decreased. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(i).

(ii) Dividends in Stock, Property, Reclassification. If at any time, or from time to time, all of the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefore:

(A) any shares of stock or other securities that are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution, or

(B) additional stock or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than shares of Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of Section 3(a)(i) above),

then and in each such case, the Exercise Price and the number of Warrant Shares to be obtained upon exercise of this Warrant shall be adjusted proportionately, and the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to above) that such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(ii)**.**

(iii) Reorganization, Reclassification, Consolidation, Acquisition or Sale. If any recapitalization, reclassification or reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other transaction shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property (an "**Organic Change**"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented by this Warrant) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable assuming the full exercise of the rights represented by this Warrant. In the event of any Organic Change, appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant and registration rights) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof. The Company will not effect any such consolidation, merger or sale unless, prior to the consummation thereof, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument reasonably satisfactory in form and substance to the Holder executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to purchase. If there is an Organic Change, then the Company shall cause to be mailed to the Holder at its last address as it shall appear on the books and records of the Company, at least 10 calendar days before the effective date of the Organic Change, a notice stating the date on which such Organic Change is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares for securities, cash, or other property delivered upon such Organic Change; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the 10-day period commencing on the date of such notice to the effective date of the event triggering such notice. In any event, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall be deemed to assume such obligation to deliver to such Holder such shares of stock, securities or assets even in the absence of a written instrument assuming such obligation to the extent such assumption occurs by operation of law.

(b) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 3, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Warrant a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall promptly furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and

readjustments; and (ii) the number of shares and the amount, if any, of other property which at the time would be received upon the exercise of the Warrant.

(c) Certain Events. If any event occurs as to which the other provisions of this Section 3 are not strictly applicable but the lack of any adjustment would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, or if strictly applicable would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, then the Company's Board of Directors will, in good faith, make an appropriate adjustment to protect the rights of the Holder; provided, that no such adjustment pursuant to this Section 3(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 3.

(d) Adjustment of Exercise Price Upon Issuance of Additional Shares of Common Stock. In the event the Company shall at any time prior to the Expiration Date issue Additional Shares of Common Stock, as defined below, without consideration or for a consideration per share less than the Exercise Price in effect immediately prior to such issue, then the Exercise Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Exercise Price by a fraction, (A) the numerator of which shall be (1) the number of shares of Common Stock outstanding immediately prior to such issue plus (2) the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such Exercise Price; and (B) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued; provided that, (i) for the purpose of this Section 3(d), all shares of Common Stock issuable upon conversion or exchange of convertible securities outstanding immediately prior to such issue shall be deemed to be outstanding, and (ii) the number of shares of Common Stock deemed issuable upon conversion or exchange of such outstanding convertible securities shall be determined without giving effect to any adjustments to the conversion or exchange price or conversion or exchange rate of such convertible securities resulting from the issuance of Additional Shares of Common Stock that is the subject of this calculation. For purposes of this Warrant, "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company after the Effective Date (including without limitation any shares of Common Stock issuable upon conversion or exchange of any convertible securities or upon exercise of any option or warrant, on an as-converted basis), other than: (i) shares of Common Stock issued or issuable upon conversion or exchange of any convertible securities or exercise of any options or warrants outstanding on the Effective Date or pursuant to or in connection with any agreement in effect as of the Effective Date; (ii) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Sections 3(a)(i) through 3(a)(iii) above; (iii) shares of Common Stock (or options with respect thereto) issued or issuable to employees or directors of, or consultants to, the Company or any of its subsidiaries for services; (iv) any securities issued or issuable by the Company pursuant to or in connection with (A) the Company's Private Placement Memorandum and Subscription Agreements thereunder or (B) the Acquisition or the Transactions (as defined in the Private Placement Memorandum); (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of disinterested directors of the Company, provided that any such issuance shall only be to a person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Company and in which the Company receives benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities and (vi) securities issued to financial institutions, institutional investors or lessors in connection with credit arrangements, equipment financings or similar transactions approved by a majority of disinterested directors of the Company, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities. The provisions of this Section 3(d) shall not operate to increase the Exercise Price.

Upon each adjustment of the Exercise Price pursuant to the provisions of this Section 3(d), the number of Warrant Shares issuable upon exercise of this Warrant shall be adjusted by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

(e) Other Adjustments. If at any time conditions shall arise by reason of action taken by the Company which in the reasonable opinion of the Board of Directors are not adequately covered by the provisions hereof and which might materially and adversely affect the rights of the Holder or if at any time any such conditions are expected to arise by reason of any action contemplated by the Company, the Board of Directors shall make adjustments, if any (not inconsistent with the standards established in this Section 3), of the Warrant price (including, if necessary, any adjustment as to the securities for which the Warrants may thereafter be exercisable) and any distribution which is or would be required to preserve the rights of the Holder.

(f) No Dilution or Impairment. Subject to the provisions of Section 3(a)(iii), the Company will not, by amendment of its restated articles of incorporation or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Warrants, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Warrants against dilution or other impairment.

4. REDEMPTION OF WARRANTS

(a) General. Prior to the Expiration Date, the Company shall have the option, subject to the conditions set forth herein, to redeem all of the Warrants then outstanding upon not less than thirty (30) days nor more than sixty (60) days prior written notice to the Warrant Holders at any time provided that, at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the closing bid price of the Company's Common Stock for each of the twenty (20) consecutive Trading Days prior to the date of the notice of redemption is at least $1.60, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events, with an average daily trading volume during such period of 50,000 shares.

(b) Notice. Notice of redemption will be effective upon mailing in accordance with this Section and such date may be referred to below as the "**Notice Date.**" Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 30 days prior to the date fixed for redemption to the Holders of the Warrants to be redeemed at their last addresses as they shall appear on the registration

books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder received such notice.

(c) Redemption Date and Redemption Price. The notice of redemption shall state the date set for redemption, which date shall be not less than thirty (30) days, or more than sixty (60) days, from the Notice Date (the "**Redemption Date**"). The Company shall not mail the notice of redemption unless all funds necessary to pay for redemption of the Warrants to be redeemed shall have first been set aside by the Company for the benefit of the Warrant Holders so as to be and continue to be available therefor. The redemption price to be paid to the Warrant Holders will be $0.001 for each share of Common Stock of the Company to which the Warrant Holder would then be entitled upon exercise of the Warrant being redeemed, as adjusted from time to time as provided herein (the "**Redemption Price**").

(d) Exercise. Following the Notice Date, the Warrant Holders may exercise their Warrants in accordance with Section 1 of this Warrant between the Notice Date and 5:00 p.m. Eastern Time on the Redemption Date and such exercise shall be timely if the form of election to purchase duly executed and the Warrant Exercise Price for the shares of Common Stock to be purchased are actually received by the Company at its principal offices prior to 5:00 p.m. Eastern Time on the Redemption Date.

(e) Mailing. If any Warrant Holder does not wish to exercise any Warrant being redeemed, he should mail such Warrant to the Company at its principal offices after receiving the notice of redemption. On and after 5:00 p.m. Eastern Time on the Redemption Date, notwithstanding that any Warrant subject to redemption shall not have been surrendered for redemption, the obligation evidenced by all Warrants not surrendered for redemption or effectively exercised shall be deemed no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the right of the holder of each Warrant subject to redemption to receive the Redemption Price for each share of Common Stock to which he would be entitled if he exercised the Warrant upon receiving notice of redemption of the Warrant subject to redemption held by him.

5. TRANSFERS AND EXCHANGES OF WARRANT AND WARRANT SHARES

(a) Registration of Transfers and Exchanges. Subject to Section 5(c), upon the Holder's surrender of this Warrant, with a duly executed copy of the Form of Assignment attached as **Attachment B**, to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder, the Company shall register the transfer of all or any portion of this Warrant. Upon such registration of transfer, the Company shall issue a new Warrant, in substantially the form of this Warrant, evidencing the acquisition rights transferred to the transferee and a new Warrant, in similar form, evidencing the remaining acquisition rights not transferred, to the Holder requesting the transfer.

(b) Warrant Exchangeable for Different Denominations. The Holder may exchange this Warrant for a new Warrant or Warrants, in substantially the form of this Warrant, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrants to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by the Holder. The Holder shall surrender this Warrant with duly executed instructions regarding such re-certification of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder.

(c) Restrictions on Transfers. This Warrant may not be transferred at any time without (i) registration under the Securities Act or (ii) an exemption from such registration and a written opinion of legal counsel addressed to the Company that the proposed transfer of the Warrant may be effected without registration under the Securities Act, which opinion will be in form and from counsel reasonably satisfactory to the Company.

(d) Permitted Transfers and Assignments. Notwithstanding any provision to the contrary in this Section 5, the Holder may transfer, with or without consideration, this Warrant or any of the Warrant Shares (or a portion thereof) to the Holder's Affiliates (as such term is defined under Rule 144 of the Securities Act) without obtaining the opinion from counsel that may be required by Section 5(c)(ii), provided, that the Holder delivers to the Company and its counsel certification, documentation, and other assurances reasonably required by the Company's counsel to enable the Company's counsel to render an opinion to the Company's Transfer Agent that such transfer does not violate applicable securities laws.

6. MUTILATED OR MISSING WARRANT CERTIFICATE

If this Warrant is mutilated, lost, stolen or destroyed, upon request by the Holder, the Company will, at its expense, issue, in exchange for and upon cancellation of the mutilated Warrant, or in substitution for the lost, stolen or destroyed Warrant, a new Warrant, in substantially the form of this Warrant, representing the right to acquire the equivalent number of Warrant Shares; provided, that, as a prerequisite to the issuance of a substitute Warrant, the Company may require satisfactory evidence of loss, theft or destruction as well as an indemnity from the Holder of a lost, stolen or destroyed Warrant.

7. PAYMENT OF TAXES

The Company will pay all transfer and stock issuance taxes attributable to the preparation, issuance and delivery of this Warrant and the Warrant Shares (and replacement Warrants) including, without limitation, all documentary and stamp taxes; provided, however, that the Company shall not be required to pay any tax in respect of the transfer of this Warrant, or the issuance or delivery of certificates for Warrant Shares or other securities in respect of the Warrant Shares to any person or entity other than to the Holder.

8. FRACTIONAL WARRANT SHARES

No fractional Warrant Shares shall be issued upon exercise of this Warrant. The Company, in lieu of issuing any fractional Warrant Share, shall round up the number of Warrant Shares issuable to nearest whole share.

9. NO STOCK RIGHTS AND LEGEND

No holder of this Warrant, as such, shall be entitled to vote or be deemed the holder of any other securities of the Company that may at any time be issuable on the exercise hereof, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, the rights of a stockholder of the Company or the right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided herein), or to receive dividends or subscription rights or otherwise (except as provide herein).

Each certificate for Warrant Shares initially issued upon the exercise of this Warrant, and each certificate for Warrant Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS."

10. REGISTRATION RIGHTS

The Holder shall be entitled to the registration rights as are contained in the Registration Rights Agreement of even date herewith, by and among the Company, the Holder and the other subscribers of the Company's securities pursuant to the Subscription Agreements, the provisions of which are deemed incorporated herein by reference.

11. NOTICES

All notices, consents, waivers, and other communications under this Warrant must be in writing and will be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or e-mail with confirmation of transmission (with respect to facsimile) by the transmitting equipment; (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, if to the registered Holder hereof; or (d) seven days after the placement of the notice into the mails (first class postage prepaid), to the Holder at the address, facsimile number, or e-mail address furnished by the registered Holder to the Company in accordance with the Subscription Agreement by and between the Company and the Holder, or if to the Company, to it at Suite 720-999 West Broadway, Vancouver, British Columbia, Canada V5Z 1K5, Attention: Jeffrey Bacha, Chief Executive Officer, e-mail: jbacha@delmarpharma.com (or to such other address, facsimile number, or e-mail address as the Holder or the Company as a party may designate by notice the other party) with a copy to Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006, Fax: 212-930-9725, Attention: Gregory Sichenzia, Esq.

12. SEVERABILITY

If a court of competent jurisdiction holds any provision of this Warrant invalid or unenforceable, the other provisions of this Warrant will remain in full force and effect. Any provision of this Warrant held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

13. BINDING EFFECT

This Warrant shall be binding upon and inure to the sole and exclusive benefit of the Company, its successors and assigns, the registered Holder or Holders from time to time of this Warrant and the Warrant Shares.

14. SURVIVAL OF RIGHTS AND DUTIES

This Warrant shall terminate and be of no further force and effect on the earlier of 5:00 P.M., Eastern Time, on the Expiration Date or the date on which this Warrant has been exercised in full.

15. GOVERNING LAW

This Warrant will be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles that would require the application of any other law.

16. DISPUTE RESOLUTION

In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two Business Days of receipt of the Notice of Exercise giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two Business Days, submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

17. NOTICES OF RECORD DATE

Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, or the sale, in a single transaction, of a majority of the Company's voting stock (whether newly issued, or from treasury, or previously issued and then outstanding, or any combination thereof), the Company shall mail to the Holder at least ten (10) Business Days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up, or sale is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reorganization, reclassification, transfer, consolation, merger, dissolution, liquidation or winding up.

18. RESERVATION OF SHARES

The Company shall reserve and keep available out of its authorized but unissued shares of Common Stock for issuance upon the exercise of this Warrant, free from pre-emptive rights, such number of shares of Common Stock for which this Warrant shall from time to time be exercisable. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation. Without limiting the generality of the foregoing, the Company covenants that it will use commercially reasonable efforts to take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and use commercially reasonable efforts to obtain all such authorizations, exemptions or consents, including but not limited to consents from the Company's stockholders or Board of Directors or any public regulatory body, as may be necessary to enable the Company to perform its obligations under this Warrant.

19. NO THIRD PARTY RIGHTS

This Warrant is not intended, and will not be construed, to create any rights in any parties other than the Company and the Holder, and no person or entity may assert any rights as third- party beneficiary hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first set forth above.

DELMAR PHARMACEUTICALS, INC.

By: _____

Name: Jeffrey Bacha

Title: President and Chief Executive Officer

Exhibit 10.7

Warrant Certificate No. ____

NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS.

Effective Date: January 24, 2013 Void After: January 24, 2018

DELMAR PHARMACEUTICALS, INC.

WARRANT TO PURCHASE COMMON STOCK

DelMar Pharmaceuticals, Inc., a Nevada corporation (the "**Company**"), effective January 24, 2013(the "**Effective Date**"), hereby issues to [ ] (the "**Holder**" or

"**Warrant Holder**") this Warrant (the "**Warrant**") to purchase, [ ] shares (each such share as from time to time adjusted as hereinafter provided being a "Warrant Share" and all such shares being the "**Warrant Shares**") of the Company's Common Stock (as defined below), at the Exercise Price (as defined below), as adjusted from time to time as provided herein, on or before January 24, 2018 (the "**Expiration Date**"), all subject to the following terms and conditions. This Warrant is one of a series of warrants of like tenor that have been issued pursuant to a warrant dividend of the Company (the "**Warrant Dividend**").

As used in this Warrant, (i) "**Business Day**" means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York, New York, are authorized or required by law or executive order to close; (ii) "**Common Stock**" means the common stock of the Company, par value $0.001 per share, including any securities issued or issuable with respect thereto or into which or for which such shares may be exchanged for, or converted into, pursuant to any stock dividend, stock split, stock combination, recapitalization, reclassification, reorganization or other similar event; (iii) "**Exercise Price**" means $1.25 per share of Common Stock, subject to adjustment as provided herein; (iv) "**Trading Day**" means any day on which

the Common Stock is traded (or available for trading) on its principal trading market; (v) "**Affiliate**" means any person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, a person, as such terms are used and construed in Rule 144 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**") and (vi) "**Warrantholders**" means the holders of Warrants issued pursuant to the Warrant Dividend.

1. DURATION AND EXERCISE OF WARRANTS

(a) Exercise Period. Subject to the condition that, on any Date of Exercise (defined below), there is an effective registration statement covering the resale of all of the Warrant Shares, the Holder may exercise this Warrant in whole or in part on any Business Day on or before 5:00 P.M., Eastern Time, on the Expiration Date, at which time this Warrant shall become void and of no value.

(b) Exercise Procedures.

(i) While this Warrant remains outstanding and exercisable in accordance with Section 1(a), the Holder may exercise this Warrant in whole or in part at any time and from time to time by:

(A) delivery to the Company of a duly executed copy of the Notice of Exercise attached as **Attachment A**;

(B) surrender of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder; provided, that the Company shall specify the same within 24 hours of receiving the Notice of Exercise; and

(C) payment of the then-applicable Exercise Price per share multiplied by the number of Warrant Shares being purchased upon exercise of the Warrant (such amount, the "**Aggregate Exercise Price**") made in the form of cash, or by certified check, bank draft or money order payable in lawful money of the United States of America.

(ii) Upon the exercise of this Warrant in compliance with the provisions of this Section 1(b), the Company shall promptly issue and cause to be delivered to the Holder a certificate for the Warrant Shares purchased by the Holder. Each exercise of this Warrant shall be effective immediately prior to the close of business on the date (the "**Date of Exercise**") that the conditions set forth in Section 1(b) have been satisfied, as the case may be. On or before the first Business Day following the date on which the Company has received each of the Notice of Exercise and the Aggregate Exercise Price (the "**Exercise Delivery Documents**"), the Company shall transmit an acknowledgment of receipt of the Exercise Delivery Documents to the Company's transfer agent (the "**Transfer Agent**"). On or before the third Business Day following the date on which the Company has received all of the Exercise Delivery Documents (the "**Share Delivery Date**"), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and dispatch by overnight courier to the address as specified in the Notice of Exercise, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares.

(iv) If the Company shall fail for any reason or for no reason to issue to the Holder, within three (3) Business Days of receipt of the Exercise Delivery Documents, a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant, and if on or after such Business Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "**Buy-In**"), then the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such shares of Common Stock) shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such shares of Common Stock and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of

(A) such number of shares of Common Stock, times

(B) the closing bid price on the date of exercise.

(c) Partial Exercise. This Warrant shall be exercisable, either in its entirety or, from time to time, for part only of the number of Warrant Shares referenced by this Warrant. If this Warrant is submitted in connection with any exercise pursuant to Section 1 and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the actual number of Warrant Shares being acquired upon such an exercise, then the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue a new Warrant of like tenor representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 16.

2. ISSUANCE OF WARRANT SHARES

(a) The Company covenants that all Warrant Shares will, upon issuance in accordance with the terms of this Warrant, be (i) duly authorized, fully paid and non-assessable, and (ii) free from all liens, charges and security interests, with the exception of claims arising through the acts or omissions of any Holder and except as arising from applicable Federal and state securities laws.

(b) The Company shall register this Warrant upon records to be maintained by the Company for that purpose in the name of the record holder of such Warrant from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner thereof for the purpose of any exercise thereof, any distribution to the Holder thereof and for all other purposes.

(c) The Company will not, by amendment of its certificate of incorporation, by-laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all action necessary or appropriate in order to protect the rights of the Holder to exercise this Warrant, or against impairment of such rights.

3. ADJUSTMENTS OF EXERCISE PRICE, NUMBER AND TYPE OF WARRANT SHARES

(a) The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 3; provided, that notwithstanding the provisions of this Section 3, the Company shall not be required to make any adjustment if and to the extent that such adjustment would require the Company to issue a number of shares of Common Stock in excess of its authorized but unissued shares of Common Stock, less all amounts of Common Stock that have been reserved for issue upon the conversion of all outstanding securities convertible into shares of Common Stock and the exercise of all outstanding options, warrants and other rights exercisable for shares of Common Stock.

(i) Subdivision or Combination of Stock. In case the Company shall at any time subdivide (whether by way of stock dividend, stock split or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Warrant Shares shall be proportionately increased, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined (whether by way of stock combination, reverse stock split or otherwise) into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares shall be proportionately decreased. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(i).

(ii) Dividends in Stock, Property, Reclassification. If at any time, or from time to time, all of the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefore:

(A) any shares of stock or other securities that are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution, or

(B) additional stock or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than shares of Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of Section 3(a)(i) above),

then and in each such case, the Exercise Price and the number of Warrant Shares to be obtained upon exercise of this Warrant shall be adjusted proportionately, and the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to above) that such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(ii)**.**

(iii) Reorganization, Reclassification, Consolidation, Acquisition or Sale. If any recapitalization, reclassification or reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other transaction shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property (an "**Organic Change**"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented by this Warrant) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable assuming the full exercise of the rights represented by this Warrant. In the event of any Organic Change, appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant and registration rights) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof. The Company will not effect any such consolidation, merger or sale unless, prior to the consummation thereof, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument reasonably satisfactory in form and substance to the Holder executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to purchase. If there is an Organic Change, then the Company shall cause to be mailed to the Holder at its last address as it shall appear on the books and records of the Company, at least 10 calendar days before the effective date of the Organic Change, a notice stating the date on which such Organic Change is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares for securities, cash, or other property delivered upon such Organic Change; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the 10-day period commencing on the date of such notice to the effective date of the event triggering such notice. In any event, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall be deemed to assume such obligation to deliver to such Holder such shares of stock, securities or assets even in the absence of a written instrument assuming such obligation to the extent such assumption occurs by operation of law.

(b) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 3, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Warrant a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall promptly furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments; and (ii) the number of shares and the amount, if any, of other property which at the time would be received upon the exercise of the Warrant.

(c) Certain Events. If any event occurs as to which the other provisions of this Section 3 are not strictly applicable but the lack of any adjustment would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, or if strictly applicable would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, then the Company's Board of Directors will, in good faith, make an appropriate adjustment to protect the rights of the Holder; provided, that no such adjustment pursuant to this Section 3(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 3.

(d) Other Adjustments. If at any time conditions shall arise by reason of action taken by the Company which in the reasonable opinion of the Board of Directors are not adequately covered by the provisions hereof and which might materially and adversely affect the rights of the Holder or if at any time any such conditions are expected to arise by reason of any action contemplated by the Company, the Board of Directors shall make adjustments, if any (not inconsistent with the standards established in this Section 3), of the Warrant price (including, if necessary, any adjustment as to the securities for which the Warrants may thereafter be exercisable) and any distribution which is or would be required to preserve the rights of the Holder.

(e) No Dilution or Impairment. Subject to the provisions of Section 3(a)(iii), the Company will not, by amendment of its restated articles of incorporation or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Warrants, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Warrants against dilution or other impairment.

4. REDEMPTION OF WARRANTS

(a) General. Prior to the Expiration Date, commencing 18 months following the Effective Date, the Company shall have the option, subject to the conditions set forth herein, to redeem all of the Warrants then outstanding upon not less than sixty (60) days nor more than ninety(90) days prior written notice to the Warrant Holders at any time provided that, at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the closing bid price of the Company's Common Stock for each of the twenty (20) consecutive Trading Days prior to the date of the notice of redemption is at least $2.50, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events.

(b) Notice. Notice of redemption will be effective upon mailing in accordance with this Section and such date may be referred to below as the "**Notice Date.**" Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 60 days prior to the date fixed for redemption to the Holders of the Warrants to be redeemed at their last addresses as they shall appear on the registration books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder received such notice.

(c) Redemption Date and Redemption Price. The notice of redemption shall state the date set for redemption, which date shall be not less than sixty (60) days, or more than ninety (90) days, from the Notice Date (the "**Redemption Date**"). The Company shall not mail the notice of redemption unless all funds necessary to pay for redemption of the Warrants to be redeemed shall have first been set aside by the Company for the benefit of the Warrant Holders so as to be and continue to be available therefor. The redemption price to be paid to the Warrant Holders will be $0.001 for each share of Common Stock of the Company to which the Warrant Holder would then be entitled upon exercise of the Warrant being redeemed, as adjusted from time to time as provided herein (the "**Redemption Price**").

(d) Exercise. Following the Notice Date, the Warrant Holders may exercise their Warrants in accordance with Section 1 of this Warrant between the Notice Date and 5:00 p.m. Eastern Time on the Redemption Date and such exercise shall be timely if the form of election to purchase duly executed and the Warrant Exercise Price for the shares of Common Stock to be purchased are actually received by the Company at its principal offices prior to 5:00 p.m. Eastern Time on the Redemption Date.

(e) Mailing. If any Warrant Holder does not wish to exercise any Warrant being redeemed, he should mail such Warrant to the Company at its principal offices after receiving the notice of redemption. On and after 5:00 p.m. Eastern Time on the Redemption Date, notwithstanding that any Warrant subject to redemption shall not have been surrendered for redemption, the obligation evidenced by all Warrants not surrendered for redemption or effectively exercised shall be deemed no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the right of the holder of each Warrant subject to redemption to receive the Redemption Price for each share of Common Stock to which he would be entitled if he exercised the Warrant upon receiving notice of redemption of the Warrant subject to redemption held by him.

5. TRANSFERS AND EXCHANGES OF WARRANT AND WARRANT SHARES

(a) Registration of Transfers and Exchanges. Subject to Section 5(c), upon the Holder's surrender of this Warrant, with a duly executed copy of the Form of Assignment attached as **Attachment B**, to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder, the Company shall register the transfer of all or any portion of this Warrant. Upon such registration of transfer, the Company shall issue a new Warrant, in substantially the form of this Warrant, evidencing the acquisition rights transferred to the transferee and a new Warrant, in similar form, evidencing the remaining acquisition rights not transferred, to the Holder requesting the transfer.

(b) Warrant Exchangeable for Different Denominations. The Holder may exchange this Warrant for a new Warrant or Warrants, in substantially the form of this Warrant, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrants to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by the Holder. The Holder shall surrender this Warrant with duly executed instructions regarding such re-certification of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder.

(c) Restrictions on Transfers. This Warrant may not be transferred at any time without (i) registration under the Securities Act or (ii) an exemption from such registration and a written opinion of legal counsel addressed to the Company that the proposed transfer of the Warrant may be effected without registration under the Securities Act, which opinion will be in form and from counsel reasonably satisfactory to the Company.

(d) Permitted Transfers and Assignments. Notwithstanding any provision to the contrary in this Section 5, the Holder may transfer, with or without consideration, this Warrant or any of the Warrant Shares (or a portion thereof) to the Holder's Affiliates (as such term is defined under Rule 144 of the Securities Act) without obtaining the opinion from counsel that may be required by Section 5(c)(ii), provided, that the Holder delivers to the Company and its counsel certification, documentation, and other assurances reasonably required by the Company's counsel to enable the Company's counsel to render an opinion to the Company's Transfer Agent that such transfer does not violate applicable securities laws.

6. MUTILATED OR MISSING WARRANT CERTIFICATE

If this Warrant is mutilated, lost, stolen or destroyed, upon request by the Holder, the Company will, at its expense, issue, in exchange for and upon cancellation of the mutilated Warrant, or in substitution for the lost, stolen or destroyed Warrant, a new Warrant, in substantially the form of this Warrant, representing the right to acquire the equivalent number of Warrant Shares; provided, that, as a prerequisite to the issuance of a substitute Warrant, the Company may require satisfactory evidence of loss, theft or destruction as well as an indemnity from the Holder of a lost, stolen or destroyed Warrant.

7. PAYMENT OF TAXES

The Company will pay all transfer and stock issuance taxes attributable to the preparation, issuance and delivery of this Warrant and the Warrant Shares (and replacement Warrants) including, without limitation, all documentary and stamp taxes; provided, however, that the Company shall not be required to pay any tax in respect of the transfer of this Warrant, or the issuance or delivery of certificates for Warrant Shares or other securities in respect of the Warrant Shares to any person or entity other than to the Holder.

8. FRACTIONAL WARRANT SHARES

No fractional Warrant Shares shall be issued upon exercise of this Warrant. The Company, in lieu of issuing any fractional Warrant Share, shall round up the number of Warrant Shares issuable to nearest whole share.

9. NO STOCK RIGHTS

No holder of this Warrant, as such, shall be entitled to vote or be deemed the holder of any other securities of the Company that may at any time be issuable on the exercise hereof, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, the rights of a stockholder of the Company or the right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided herein), or to receive dividends or subscription rights or otherwise (except as provide herein).

10. REGISTRATION RIGHTS

Subject to the applicable rules and regulations and interpretations of the SEC, including, without limitation, Rule 415 under the Securities Act, the Holder shall have such registration rights with respect to the Warrant Shares as are set forth in this Section 10. If at any time after the Effective Date, the Company shall determine to prepare and file with the SEC a registration statement relating to an offering for its own account or the account of others of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act), or their then equivalents, relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send a written notice of such determination to the Holder and, if within ten calendar days after the date of delivery of such notice, the Holder shall so request in writing, the Company shall include in such registration statement all or any part of the Warrant Shares as the Holder requests to be registered; provided, however, if the offering is an underwritten offering and was initiated by the Company or at the request of a shareholder, and if the managing underwriters advise the Company that the inclusion of Warrant Shares requested to be included in the registration statement would cause an adverse effect on the success of any such offering, based on market conditions or otherwise (an "Adverse Effect"), then the Company shall be required to include in such registration statement, to the extent of the amount of securities that the managing underwriters advise may be sold without causing such Adverse Effect, (a) first, the securities of the Company and (b) second, the shares, including the Warrant Shares, of all shareholders, provided further that, the Company may remove any or all of such Warrant Shares if it determines such removal is necessary or appropriate to ensure such registration statement is declared effective by the SEC as a result of comments received from the staff of the SEC (including, without limitation, if the Company receives any comments from the staff of the SEC relating to Rule 415 under the Securities Act).

11. NOTICES

All notices, consents, waivers, and other communications under this Warrant must be in writing and will be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or e-mail with confirmation of transmission (with respect to facsimile) by the transmitting equipment; (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, if to the registered Holder hereof; or (d) seven days after the placement of the notice into the mails (first class postage prepaid), to the Holder at the address, facsimile number, or e-mail address furnished by the registered Holder to the Company, or if to the Company, to it at Suite 720-999 West Broadway, Vancouver, British Columbia, Canada V5Z 1K5, Attention: Jeffrey Bacha, Chief Executive Officer, e-mail: jbacha@delmarpharma.com (or to such other address, facsimile number, or e-mail address as the Holder or the Company as a party may designate by notice the other party) with a copy to Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006, Fax: 212-930-9725, Attention: Gregory Sichenzia, Esq.

12. SEVERABILITY

If a court of competent jurisdiction holds any provision of this Warrant invalid or unenforceable, the other provisions of this Warrant will remain in full force and effect. Any provision of this Warrant held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

13. BINDING EFFECT

This Warrant shall be binding upon and inure to the sole and exclusive benefit of the Company, its successors and assigns, the registered Holder or Holders from time to time of this Warrant and the Warrant Shares.

14. SURVIVAL OF RIGHTS AND DUTIES

This Warrant shall terminate and be of no further force and effect on the earlier of 5:00 P.M., Eastern Time, on the Expiration Date or the date on which this Warrant has been exercised in full.

15. GOVERNING LAW

This Warrant will be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles that would require the application of any other law.

16. DISPUTE RESOLUTION

In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two Business Days of receipt of the Notice of Exercise giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two Business Days, submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

17. NOTICES OF RECORD DATE

Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, or the sale, in a single transaction, of a majority of the Company's voting stock (whether newly issued, or from treasury, or previously issued and then outstanding, or any combination thereof), the Company shall mail to the Holder at least ten (10) Business Days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up, or sale is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reorganization, reclassification, transfer, consolation, merger, dissolution, liquidation or winding up.

18. RESERVATION OF SHARES

The Company shall reserve and keep available out of its authorized but unissued shares of Common Stock for issuance upon the exercise of this Warrant, free from pre-emptive rights, such number of shares of Common Stock for which this Warrant shall from time to time be exercisable. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation. Without limiting the generality of the foregoing, the Company covenants that it will use commercially reasonable efforts to take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and use commercially reasonable efforts to obtain all such authorizations, exemptions or consents, including but not limited to consents from the Company's stockholders or Board of Directors or any public regulatory body, as may be necessary to enable the Company to perform its obligations under this Warrant.

19. NO THIRD PARTY RIGHTS

This Warrant is not intended, and will not be construed, to create any rights in any parties other than the Company and the Holder, and no person or entity may assert any rights as third- party beneficiary hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first set forth above.

DELMAR PHARMACEUTICALS, INC.

By: /s/ _____
Name
Title

ATTACHMENT A

NOTICE OF EXERCISE

(To be executed by the Holder of Warrant if such Holder desires to exercise Warrant)

To DelMar Pharmaceuticals, Inc.:

The undersigned hereby irrevocably elects to exercise this Warrant and to purchase thereunder, _____

full shares of DelMar Pharmaceuticals, Inc. common stock issuable upon exercise of the Warrant and delivery of:

$_____ (in cash as provided for in the foregoing Warrant) and any applicable taxes payable by the undersigned pursuant to such Warrant.

The undersigned requests that certificates for such shares be issued in the name of:

_____

(Please print name, address and social security or federal employer identification number (if applicable))

_____

_____

If the shares issuable upon this exercise of the Warrant are not all of the Warrant Shares which the Holder is entitled to acquire upon the exercise of the Warrant, the undersigned requests that a new Warrant evidencing the rights not so exercised be issued in the name of and delivered to:

_____

(Please print name, address and social security or federal employer identification number (if applicable))

Name of Holder (print):_____
(Signature): _____
(By:) _____
(Title:)_____
Dated: _____

ATTACHMENT B

FORM OF ASSIGNMENT

FOR VALUE RECEIVED,_____ hereby sells, assigns and transfers to each assignee set forth below all of the rights of the undersigned under the Warrant (as defined in and evidenced by the attached Warrant) to acquire the number of Warrant Shares set opposite the name of such assignee below and in and to the foregoing Warrant with respect to said acquisition rights and the shares issuable upon exercise of the Warrant:

Name of Assignee	Address	Number of Shares

If the total of the Warrant Shares are not all of the Warrant Shares evidenced by the foregoing Warrant, the undersigned requests that a new Warrant evidencing the right to acquire the Warrant Shares not so assigned be issued in the name of and delivered to the undersigned.

Name of Holder (print):_____
(Signature): _____
(By:) _____
(Title:)_____
Dated: _____

Exhibit 10.8

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR PORTIONS OF THIS AGREEMENT. THE COPY FILED HEREWITH OMITS THE INFORMATION SUBJECT TO THE CONFIDENTIALITY REQUEST. A COMPLETE VERSION OF THIS AGREEMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Memorandum of Understanding and Collaboration Agreement

between

Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd.

and

Del Mar Pharmaceuticals (BC) Ltd.

This Memorandum of Understanding and Collaboration Agreement (hereinafter referred to as the "Agreement") is made and effective this [●] day of September 2012 (hereinafter referred to as the "Effective Date") by and between **Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd.**, a wholly owned subsidiary of Zhongheng Group, a publicly listed company in China (SHG: 600252) having its place of business at No 1. Industrial Street, Industrial Zone, Wuzhou, Guangxi, the People's Republic of China ("Wuzhou") **and Del Mar Pharmaceuticals (BC) Ltd.** having its registered corporate address at No. 1300, 777 Dunsmuir Street, Vancouver, British Columbia, Canada ("DelMar").

" " **Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd. Del Mar Pharmaceuticals (BC) Ltd** 2012 9 ● **Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd** 1 600252 " " **Del Mar Pharmaceuticals (BC) Ltd.** No. 1300, 777 Dunsmuir Street, Vancouver, British Columbia, Canada (" ")

Collectively, DelMar and Wuzhou are referred to as **"the Parties"**.

" "

I. Background and Principles of the Collaboration

Wuzhou is one of China's leading manufacturers of traditional Chinese medicines **("TCM")** and pharmaceutical products, including TCM product XueShuan Tong, included in the catalog of National Basic Drugs for treatment for cerebro-cardiovascular diseases; and dianhydrogalacticol (also known as "Weimutrin" or "Dianhydrodulcitol**"** o r **"DAG"**) for the treatment of chronic myelogenous leukemia **("CML")** and lung cancer. Wuzhou holds a license from the SFDA for the manufacture of DAG for Injection in China (Approval No. Guoyao Zhunzi H45021133).

"TCM" ("DAG") ("DAG") H45021133

DelMar is a Canadian Company, with clinical operations in the United States that is conducting drug research and development activities under the oversight of the United States Food & Drug Administration (FDA) and the European Medicines Authority (EMEA). DelMar has filed patents and initiated clinical trials to seek regulatory approval to commercialize DAG for Injection outside of China. Wuzhou will supply DAG and DAG for Injection for clinical trials and commercialization outside of China by DelMar.

("FDA") ("EMEA") DAG DAG DAG

Wuzhou and DelMar are entering into this agreement for the mutual benefit of their respective companies and to work together to maximize the value of DAG for Injection (the Collaboration).

DAG

The Parties recognize the need to respect and protect each other's intellectual property.

Both Parties have invested in the development of DAG for Injection and own confidential intellectual property, which if made public would damage and harm its business interests. Each Party recognizes that it must diligently protect the secrecy of and avoid disclosure and unauthorized use of the confidential information of the other Party as defined in Section 1 hereunder.

DAG 1

If the confidential intellectual property is made public, it would damage and harm its business interests. Each Party recognizes that it must diligently protect the secrecy of and avoid disclosure and unauthorized use of the confidential information of the other Party as defined in Section 1 hereunder.

The Parties recognize need for manufacturing to be at an international standard.

As a leader in the pharmaceutical market, Wuzhou wishes to upgrade manufacturing, quality assurance and product specifications to meet an international standard. DelMar has developed and agrees to further develop analytical methods for quality assurance and product specifications to satisfy the standards of the FDA. The Parties recognize that a collaborative effort to develop international quality standards will be more efficient, reduce the required expenditures for both companies and leverage the investments already made by each Party.

FDA

The Parties recognize the need to develop new clinical data to support sales & marketing.

The Parties recognize that new clinical data needs to be created for DAG for Injection in China are more than twenty years old and new data needs to be created. Wuzhou and DelMar have independently developed plans to establish new clinical data to support the marketing and further development of DAG for Injection. Parties agree that a harmonized clinical development strategy for DAG for Injection would be more efficient and reduce the required investment for both companies.

DAG DAG DAG

The Parties recognize that working together to develop DAG for Injection would form the basis for expanded collaboration opportunities.

DAG

The Parties also wish to use the collaboration around DAG for Injection as the basis for additional activities to maximize the value of Wuzhou's business in China and position Wuzhou to commercialize its products in international markets.

DAG

The Parties recognize that regular and open communication is the basis for a successful collaboration.

The Parties will establish a steering committee that will confer on a regular basis to oversee activities within the project and enhance the chance of mutual success.

II. Collaboration Goals

(1) Seek regulatory approval from FDA, EMEA and other international jurisdictions to commercialize DAG for Injection outside of China for the treatment of glioblastoma multiforme (GBM) or more indications.

DAG FDA EMEA

(2) DelMar will support Wuzhou by developing and providing new non-clinical and clinical data in order to support marketing and sales of DAG for Injection based on approved indications in China.

DAG

(3) To support market approval of DAG for Injection outside of China, Wuzhou will assist and support DelMar to initiate the development work in one or more Clinical Center(s) in China ("China Clinical Centers") as part of international multi-center clinical development strategy.

DAG FDA " "

(4) DelMar will provide non-clinical and clinical data to Wuzhou for approval of new indications including glioblastoma multiforme (GBM) for DAG for Injection by SFDA.

SFDA DAG

(5) DelMar and Wuzhou will work together to establish Wuzhou as an FDA and GMP certified manufacturer of DAG and DAG for Injection.

FDA GMP DAG DAG

Based on these principles and goals and through friendly negotiations in the spirit of cooperation and mutual development, the Parties hereby agree upon the following terms and conditions.

1. Intellectual Property

1.1 Definitions

1.1.1 "**Confidential Information**" means all information, regardless of its form, of either Party that is not generally known to the public or persons skilled in the art of drug discovery and development, except that "Confidential Information" does not include information:

" "

- Legally possessed by the recipient (the "**Recipient**") prior to receipt from the disclosing Party (the "**Discloser**"), other than through prior confidential disclosure by the Discloser, as evidenced by the Recipient's business records,

- published or available to the general public otherwise than through a breach of this Agreement,

- obtained by the Recipient from a third party with a valid right to disclose it, provided that the third party is not under a confidentiality obligation to the Discloser in respect of the same, or

- independently developed by employees, agents or consultants of the Recipient who had no knowledge of or access to the Discloser's information as evidenced by the Recipient's business records;

1.1.2 "**DelMar Intellectual Property**" means, any and all knowledge, know-how, technique(s), technology or other intellectual property which are conceived, invented, developed, improved or acquired solely by DelMar before signing this agreement and during the term of the Agreement in the performance of the Collaboration;

" "

1.1.3 "DelMar Methods" means new HPLC and titration methods required by DelMar for the identification, determination of DAG content, epoxide content and related substances and any manufacturing quality assurance methods developed by DelMar for GMP compliance by the FDA and EMEA. The DelMar Methods are DelMar Intellectual Property.

" " HPLC DAG FDA EMEA GMP

1.1.4 "**Wuzhou Intellectual Property**" means, any and all knowledge, know-how, technique(s), technology or other intellectual property which are conceived, invented, developed, improved or acquired solely by Wuzhou before signing this agreement and during the term of the Agreement in the performance of the Collaboration;

" "

1.1.5 "**Joint Intellectual Property**" means any and all knowledge, know-how, technique(s), technology or other intellectual property which are conceived, invented, developed, improved or acquired jointly by Wuzhou and DelMar during the term of the Agreement in the performance of the Collaboration, or by either party using the other party's IP.

" "

1.2 DelMar Intellectual Property and Wuzhou Intellectual Property are respectively owned by each Party, however, each Party is entitled to the free use of the other Party's Intellectual Property for the performance of this Agreement. Joint Intellectual Property is co-owned by the Parties. For the performance of this Agreement, Wuzhou has free use of Joint Intellectual Property in China and DelMar outside of China. Any other use or disposal of Joint Intellectual Property by either Party shall be subject to the Parties' mutual consent.

1.3 Confidential Information disclosed one Party to the other Party shall be clearly identified in writing as "Confidential" either at the time of disclosure or, if orally disclosed, within 30 calendar days thereafter.

30 " "

1.4 The Parties agree that unauthorized disclosure of Confidential Information would or could reveal commercial, scientific or technical information and would significantly harm the Parties' competitive position. Each Party agrees keep and use the other Party's Confidential Information in confidence and will not, without the other Party's prior written consent, disclose the other Party's Confidential Information to any person or entity. Anyone who is not involved in any activities related to this agreement should not be exposed to Confidential Information.

Notwithstanding the foregoing, Wuzhou recognizes and agrees that DelMar may be required, for the purposes of obtaining commercial product approval, to disclose certain Wuzhou Intellectual Property or Confidential Information of Wuzhou to regulatory authorities such as the FDA or the EMEA ("**Regulatory Disclosure**"). DelMar agrees that such disclosure shall be subject to Wuzhou's prior written approval. However, such approval shall not be unreasonably withheld by Wuzhou. The Parties acknowledge and agree that such Regulatory Disclosure is in the best commercial interests of the Parties; however, DelMar shall use reasonable efforts to ensure that any such Regulatory Disclosure does not amount to public disclosure of such Wuzhou Intellectual Property or Confidential Information of Wuzhou.

" "

,

1.5 Any Party required by judicial or administrative process to disclose the other Party's Confidential Information will promptly notify the other Party and allow it reasonable time to oppose the process before disclosing the Confidential Information.

1.6 The Parties acknowledge and agree that either Party may identify the title of the Project and the Parties to this Agreement.

1.7 Notwithstanding any termination or expiration of this Agreement, the obligations of confidentiality set out in this Section 1 and elsewhere in this Agreement shall survive and continue to bind the Parties, their successors and assigns until five (5) years after such termination or expiration.

1.8 DelMar acknowledges and agrees that Wuzhou owns all right, title and interest in and to Wuzhou Intellectual Property. At its sole discretion, Wuzhou will be responsible for filing patents related to the Wuzhou Intellectual Property and will bear all costs incurred in connection with the preparation, filing, prosecution and maintenance of its patent applications.

1.9 Wuzhou acknowledges and agrees that DelMar owns all right, title and interest in and to DelMar Intellectual Property. At its sole discretion, DelMar will be responsible for filing patents related to the DelMar Intellectual Property and will bear all costs incurred in connection with the preparation, filing, prosecution and maintenance of its patent applications.

1.10 Patents and Inventions

1.10.1 The Parties will promptly notify one another in writing of any Joint Intellectual Property within 30 days of invention.

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1.10.2 The Parties acknowledge and agree that Wuzhou and DelMar have joint right, title and interest in and to Joint Intellectual Property. Notwithstanding any contrary provisions in the applicable patent or other intellectual property laws in any jurisdiction, the Wuzhou shall have an exclusive right to exploit any Joint Intellectual Property in China and DelMar shall have an exclusive right to exploit any Joint Intellectual Property outside of China without notice or payment to the other Party.

1.10.3 DelMar will be responsible for filing international patents application (including China) in the Parties' names related to the Joint Intellectual Property and will bear all costs incurred in connection with the preparation, filing, prosecution and maintenance of the patent applications, provided however, that Wuzhou shall reimburse DelMar for costs incurred in connection with the preparation, filing, prosecution and maintenance of the patent applications in China. Wuzhou will assist Delmar in a timely manner to ensure that the patent applications cover, to the best of Wuzhou's knowledge, all items of commercial interest and importance.

1.10.4 If Wuzhou wishes to obtain patent protection for Joint Intellectual Property over and above that for which DelMar wishes to provide its financial support Wuzhou will be free to file any patent applications, including new applications, at its own expense. If DelMar discontinues its financial support for prosecution or maintenance of any patents or patent applications for Joint Intellectual Property (the "DelMar Abandoned Patent") for good reason, a 30 calendar days notice prior to the discontinuance by DelMar to Wuzhou is required. After receipt of said notice, Wuzhou will be free to continue the prosecution or maintain such patents or patent applications at its own expense. In such a situation, DelMar and Wuzhou shall negotiate in good faith to determine proportion of costs related to the prosecution or maintenance of the DelMar Abandoned Patent to be paid by DelMar, if DelMar decides not to bear any cost after negotiation, the DelMar Abandoned Patent will be solely owned by Wuzhou, DelMar will transfer the right according to the terms.

" " 30

1.10.5 In the event that DelMar wishes to discontinue the financial support for prosecution or maintenance of any patents or patent applications for Joint Intellectual Property without good reason, DelMar will provide Wuzhou with a written notice at least 30 calendar days prior to the discontinuance and Wuzhou will be free to continue the prosecution or maintenance of any such patents or patent applications for the Joint Intellectual Property related to said patent or patent application and. Joint Intellectual Property claimed in said patent or patent application will be become solely owned by Wuzhou, DelMar will transfer the right according to the terms.

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1.10.6 In the event that Joint Intellectual Property is infringed upon by any third party, either Party shall have the right to take action against such infringement and relevant costs shall be borne by both Parties, each party's share to be discussed.

2. **CMC/GMP Development**

CMC/GMP

Section 1.

Section 2.

2.1 Wuzhou and DelMar will to work together to implement DAG and DAG for Injection specifications in compliance with FDA and SFDA requirements.

FDA SFDA DAG DAG

2.2 DelMar will assist Wuzhou to develop systems to ensure GMP compliance for meeting FDA and SFDA requirements-by evaluating the current GMP compliance and by conducting a gap analysis (**"Gap Analysis")** to identify areas to be improved (the **GMP Improvement Project**).

FDA SFDA – GMP "GMP "

The GMP Improvement Project which shall be implemented at Wuzhou and supported by retaining the services of DelMar or subcontractors to implement, among other improvements identified in through the Gap Analysis, the following activities

GMP

2.2.1 Implementing GMP improvements, including, but not limited to, the DAG and DAG for Injection related facility, equipment, QC testing, manufacturing process and controls, standard operating procedure (SOP) and documentation systems, stability studies, and other such documentation which shall be provided in both Chinese and English.

GMP DAG DAG ,

2.2.2 Providing technical support for the development of new manufacturing process and controls of known and unknown impurities in DAG in accordance with FDA and SFDA regulations.

FDA SFDA DAG

2.2.3 Providing support for the training of Wuzhou personnel and establish a drug master file ("**DMF**") for the manufacturing of DAG drug substance and preparation for inspection by FDA and SFDA.

DAG DMF FDA SFDA

2.2.4 Providing input and advice related to the establishment of limits for impurities and adopting a GC method for determination of residual solvents and current USP methods for residue on ignition and heavy metals to meet FDA and SFDA regulations.

FDA SFDA

2.2.5 Providing consulting support to assist Wuzhou in adopting and validating the DelMar Methods and other manufacturing and quality controls according to FDA Guidelines.

FDA

2.2.6 Advising on the improvement on formulation, manufacturing process controls in order to enhance the stability of the drug product with the possibility of achieving commercially relevant stability under ambient conditions. Such advice is intended to include research into the optimization of freeze-drying cycle and other manufacturing process.

2.3 In return for exclusivity and other compensation granted under this Agreement, DelMar shall grant Wuzhou a royalty free license to exclusively use DelMar Methods in China.

2.4 Wuzhou shall be responsible for costs associated with the GMP Improvement Project with the goal of achieving compliance with relevant GMP standards of SFDA, FDA and EMEA.

GMP SFDA FDA EMEA GMP

2.5 The Parties shall work together to support the development of new Joint Intellectual Property, including improved formulations and other improvements to DAG and DAG for Injection.

DAG DAG

Section 3. **Development of New Clinical and Non-Clinical Data to Support DAG for Injection Sales in China**

3.1 The Parties believe that the development of new clinical data through the conduct of clinical trials will generate immediate clinical interest and improved sales for DAG for Injection in China.

DAG

3.2 Wuzhou plans to conduct a clinical safety study in China (the **"China Safety Study"**) to support the re-launch of DAG for Injection in China.

DAG

3.2.1 Wuzhou shall bear the cost of the China Safety Study.

3.2.2 Dosing in the China Safety Study shall be based on the current SFDA label for DAG and the primary endpoint shall be safety and tolerability in cancer patients

SFDA DAG

3.2.3 Wuzhou will provide the China Safety Study protocol to DelMar no less than 21 days prior to the initiation of study and DelMar will provide input to the study design for Wuzhou's consideration.

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3.2.4 To support the China Safety Study, DelMar will provide summary highlights from the US GLP Toxicity study and the Physicians Brochure upon request from Wuzhou. Wuzhou should bear the cost if translation into Chinese is needed.

GLP

3.3 The Parties recognize and agree that clinical efficacy data generated under the oversight of the FDA or EMEA, or similar regulatory agency such as Health Canada in Canada will maximize the value of such data in China, and will also support the commercialization of DAG outside of China by DelMar.

FDA EMEA DAG

3.4 The Parties will jointly agree upon specific clinical trials to be conducted to promote sales of DAG for Injection in China (Efficacy Trials). DelMar will be responsible for establishing protocols for and conducting Efficacy Trials in accordance with relevant standards required by SFDA, FDA and EMEA guidelines. Unless otherwise agreed between the Parties, Wuzhou will bear the cost of the Efficacy Trials in accordance with section 3.8 of this Agreement.

DAG 3.8

3.5 GBM: DelMar promises that it has initiated and is currently conducting a Phase I/II clinical trial to evaluate DAG as a treatment for glioblastoma multiforme (GBM) (the **"Phase I/II GBM trial"**).

GBM I/II DAG GBM I/II GBM

3.5.1 DelMar is responsible for funding the cost of the Phase I/II GBM trial

I/II GBM

3.5.2 DelMar shall provide Wuzhou with regular updates on the progress of the Phase I/II GBM clinical trial. Acopy of the reports made to FDA will be provided to Wuzhou by mail or email.

I/II GBM FDA E-mail

3.5.3 The Parties shall consult with the SFDA to determine a strategy to expand the label for DAG in China to include GBM. The Parties shall use commercially reasonable efforts to determine this strategy by September 30, 2012.

GBM DAG 2012 9 30

DelMar shall develop a draft plan and budget for a multi-center registration trial (the **"GBM Registration Trial"**) to support the expansion of DAG for Injection label in China and share these documents with Wuzhou by November 30, 2012.

GBM DAG 2012 11 30

3.5.4 DelMar shall use commercially reasonable efforts to fund the GBM Registration Trial through proceeds of an initial public offering (IPO) by mid-2013. Wuzhou shall be given an opportunity to participate in the IPO which will enable Wuzhou to participate in the value of the commercialization of DAG outside of China through an equity ownership position in DelMar.

2013 IPO GBM DAG

3.6 CML and Lung Cancer: The Parties recognize that DAG is currently approved in China for the treatment of CML and Lung Cancer and expansion of this label may require additional clinical trials to be conducted in China or another jurisdiction as required by the SFDA. The Parties further recognize that recent data suggests that the BIM co-deletion polymporphism (the **"BIM phenotype"**) unique to East Asian populations may be responsible for high-resistance to standard tyrosine kinase therapy in CML and EGFR lung cancer.

DAG SFDA BIM co-deletion polymporphism BIM CML EGFR

3.6.1 DelMar will conduct non-clinical studies designed to the activity of DAG against CML and lung cancer tumors resistant to tyrosine kinases, including the BIM phenotype.

DAG CML BIM

3.6.2 DelMar will be responsible for including feedback from Key Opinion Leaders in China and the United States in the design of the non-clinical studies.

3.6.3 DelMar will provide detail of the non-clinical study protocols and communicate preliminary results to Wuzhou on a regular basis. A copy of the reports made to FDA will be provided to Wuzhou by mail or email.

FDA E-mail

3.6.4 DelMar shall complete such studies and publish or present the results in China and Western peer-reviewed settings such as scientific conferences or publications before December 31, 2012.

2012 12 31

3.6.5 DelMar will fund the cost of the non-clinical studies and Wuzhou will provide testing samples according to the study protocol.

3.6.6 In the event that the Parties determine that Phase IV clinical trials are needed to further support the marketing of DAG under the current label, DelMar and Wuzhou will jointly agree upon an Efficacy Trial to be conducted to promote sales for CML and Lung Cancer in China (the "China CML/Lung Trials").

DAG CML

3.7 The Parties shall work together to research new indications for DAG.

DAG

3.7.1 DelMar shall be responsible for conducting non-clinical and clinical studies to support new indications for DAG for Injection.

DAG

3.7.2 The Parties shall bear their share of the cost to support new indications for DAG for Injection in accordance with a plan and budget to be agreed by the Parties from time-to-time. Unless otherwise agreed between the Parties, Wuzhou will bear the cost of the clinical trials in China in accordance with section 3.8 of this Agreement.

DAG 3.8

3.7.3 The Parties shall use commercially reasonable efforts to identify new indications for DAG by December 31, 2012.

2012 12 31 DAG

3.8 Except as otherwise agreed under the terms of this Agreement, the Parties shall jointly fund the cost of clinical studies. Wuzhou shall be responsible for the cost associated with the China Safety Study and Efficacy Trials conducted in China. DelMar will be responsible for clinical studies outside China. To support these efforts under the terms a budget will be developed and agreed to by the Parties for a specific Efficacy Trials. Wuzhou shall pay to DelMar its portion for the cost prior to the commencement of an Efficacy Trial.

3.9 The Parties shall use commercially reasonable efforts to ensure that key opinion leaders from China are involved in the design and oversight of clinical trials conducted under the terms of this Agreement.

DAG

3.10 DelMar shall provide Wuzhou with access to data developed through the Clinical Trials outside China for use in publications and marketing materials to support sales and marketing of DAG for Injection in China.

DAG

Section 4. **Exclusive Clinical and Commercial Drug Supply**

4.1 The Parties wish for Wuzhou to be a primary or exclusive supplier of DAG for Injection and for development, the sales and marketing of products containing DAG.

DAG DAG

4.2 Wuzhou shall supply DAG for Injection at production price to DelMar for clinical trials. Upon receipt of regulatory approval in the United States, Canada or the European Union, the Parties shall negotiate the price of the commercial supply of DAG for Injection for sales and marketing in good faith ("**Commercial Supply Price**"), whereby Commercial Supply Price shall not exceed the price charged by Wuzhou to any third party in China.

DAG DAG " "

4.3 Wuzhou will manufacture, ship, distribute and warehouse DAG for Injection in accordance with applicable laws and regulations for China and for the United States, Canadian and European markets.

DAG

4.4 DelMar agrees that Wuzhou shall be the exclusive supplier of DAG for Injection for clinical trials and sales and marketing of products for China and for the United States, Canadian and European markets, subject to Wuzhou obtaining and maintaining cGMP certification by the FDA, EMEA or appropriate regulatory agency in other jurisdictions and to being able to meet volumes ordered by DelMar for other markets, if DelMar has any purchasing demands, Wuzhou shall give priority to meet them. The detailed exclusivity agreement will be discussed by both parties separately.

FDA EMEA cGMP DAG

4.5 For Chinese market, DelMar including any third party appointed by DelMar shall have preemptive right under the condition of same sales target and price. [*]

[*]

4.6 In return for the royalty free license granted by DelMar under Section 2.3 and in recognition of the investment being made by DelMar to support the marketing of DAG in China and the commercialization of DAG outside of China, Wuzhou agrees not to sell DAG or DAG for Injection to any party other than DelMar, or its licensee or assignee in markets outside of China. On the condition that DelMar or its licensee or assignee is capable of selling all the DAG for Injection by Wuzhou, DelMar, or its licensee or assignee, will use commercially reasonable efforts to begin marketing DAG for Injection in territories outside of China within 120 days of receiving regulatory clearance to market DAG for Injection in a respective territory. In addition, DelMar shall meet the minimum sales target of DAG for Injection required by Wuzhou for each country or territory where DAG for Injection receives regulatory clearance for marketing (the "Market Plan"). The Market Plan shall define Del Mar's obligation on a semi-annual basis for the first three years following regulatory approval in a respective country or territory. If DelMar fails meet its obligations under a Market Plan for two consecutive periods as defined by said Market Plan, Wuzhou will have the option to sell DAG to any third party in the country or territory covered by said Market Plan at prices not lower than those offered to DelMar.

2.3 DAG DAG DAG DAG DAG DAG 120 DAG DAG " " DAG DAG

Section 5. **Other Opportunities for Collaboration**

5.1 The Parties wish for this Agreement to serve as the basis for a broader collaboration to involve additional products and product candidates. Such opportunities may include, but are not limited to:

5.1.1 DelMar could assist Wuzhou to evaluate opportunities for the commercialization of its flagship cardiovascular product, XueShuan Tong, Sodium fluorescein Injection outside of China, particularly in the United States, Canada and the European Union specifically by:

“ ”

5.1.1.1 Working with Wuzhou to conduct a feasibility analysis of developing and registering Wuzhou’s XueShuan Tong for Injection product to evaluate quality control and establish product specifications, including range of impurities in compliance with FDA and EMEA regulations.

“ ” FDA EMEA

5.1.1.2 Assisting Wuzhou to develop analytical methods to quantitate active components of XueShuan Tong and to develop a purification process to enrich the active components in the current XueShuan Tong drug formulation and to develop a dose form containing one active component or other such formulation as may be determined to be appropriate for development and registration in the United States and Europe.

“ ” “ ”

5.1.2 The Parties could identify other drugs that would meet unmet medical need due to global supply issues including, but not limited to, obratide, clopidogrel bisulfate and dasudil HCL, bleomycin, cisplatin, cytarabine, doxorubicin, etoposide, fluorouracil, mitomycin, mustargen, ontak, paclitaxel, thiotepa, vincristine. Wuzhou could provide manufacturing support and DelMar could provide regulatory and clinical development support such products which could rapidly be approved for marketing by the FDA, EMEA, SFDA and other international jurisdictions.

FDA EMEA SFDA

5.1.3 DelMar will use commercially reasonable efforts to identify and introduced to Wuzhou for 2 – 3 pharmaceutical products not currently available in China which could be developed for China without infringing third-party patents by June 30, 2013.

2013 2~3

5.1.3.1 For each such product, Parties will conduct an analysis of the sales potential opportunity to obtain new intellectual property and plan for obtaining SFDA approval including API synthesis, drug formulation, and regulatory strategy, and participation to help at site, if necessary.

SFDA

Section 6. **Steering Committee**

6.1 To ensure regular and open communication between the Parties, a committee (the "Steering Committee") is hereby established to have as its overall purpose the management and governance of the Collaboration. Unless otherwise agreed by Wuzhou and DelMar, the Steering Committee shall consist of three (3) senior representatives of each Party and shall report to the Chairman of each company, or their designee.

3

The initial members of the Steering Committee shall include:

Wuzhou Representatives

Ming Chen, Vice President of Zhongheng Group

Yusheng Huang, General Manager

Guanping Liu, R&D Director

DelMar Representatives

Mr. Jeffrey A. Bacha, President & CEO
- ,

Dr. Dennis Brown, Chief Scientific Officer
- ,

Mr. Mike Li, Vice President Drug Product Development
,

6.2 The Steering Committee should meet at least quarterly at a date and at a location to be agreed to by the Parties, or upon written request by either Party, in which case a meeting will be held within twenty one (21) calendar days of such notice. Any meetings of the Steering Committee should be held in person, or if an in-person meeting is impracticable, by videoconference or teleconference.

21

6.3 It is contemplated that the Steering Committee may, from time to time, establish subordinate committees to oversee specific aspects of the collaboration. For example, a CMC or QC/QA committee or a Commercial Development Committee may be established at the discretion of the Steering Committee.

CMC QC/QA

Section 7. **Other Terms & Conditions**

7.1 Each of Wuzhou and DelMar shall be solely responsible for its own respective fees and costs incurred relating to this Agreement.

7.2 This Agreement may be terminated:

7.2.1 on the written agreement of all Parties;

7.2.2 by either Party if the other Party breaches any material term of this Agreement and fails to remedy the breach within 30 days after receipt of notice of the breach;

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7.2.3 by either Party if any action or decision which is to be taken or made hereunder is not unanimously agreed or is subject to disagreement, provided that the matter first has been referred to the chief executive officer of each Party and the chief executive officers have been unable to resolve or reach agreement on the matter within 90 days of the date that such matter is referred to them.

90

7.3 This Agreement shall be governed by and construed in accordance with the laws of China, excluding application of any conflict of laws principles that would apply a different body of law and excluding the United Nations Convention on Contracts for the International Sale of Goods.

7.4 Any dispute, controversy or claim arising out of or relating to this contract, including the validity, invalidity, breach or termination thereof, shall be settled by arbitration in The China International Economic and Trade Arbitration Commission (CIETAC) in Beijing under its arbitration Rules in force when the arbitration is filed.

( )

7.5 This Agreement is not assignable by either Party in whole or in part without the prior written consent of the other Party, except that either Party may assign this Agreement to an affiliate, or as part of the sale of all or any part of the business or assets of the Party, or pursuant to any merger, consolidation, plan of arrangement or reorganization. Any attempt by either Party to this Agreement except as permitted by this clause is void. This Agreement will enure to the benefit and be binding upon the Parties and their respective successors and permitted assigns.

7.6 The Chinese language version of this Agreement is the authoritative one.

GUANGXI WUZHOU PHARMACEUTICAL (GROUP) CO. LTD.

By: /s/ Ming Chen
Name: Ming Chen

Title: Vice President of Zhongheng Group

Date: 2012.10.25

DEL MAR PHARMACEUTICALS (BC) LTD.

By: /s/ Jeffrey A. Bacha
Name: Mr. Jeffrey A. Bacha
• ,
Title: cofounder / President & CEO

Date:

Exhibit 10.9

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR PORTIONS OF THIS AGREEMENT. THE COPY FILED HEREWITH OMITS THE INFORMATION SUBJECT TO THE CONFIDENTIALITY REQUEST. A COMPLETE VERSION OF THIS AGREEMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

PURCHASE AND PATENT ASSIGNMENT AGREEMENT

BETWEEN:

VALENT TECHNOLOGIES LLC

("**Valent**")

AND:

DEL MAR PHARMACEUTICALS (BC) LTD.

("**Del Mar**")

As used herein, Valent and Del Mar shall be referred to, collectively, as the "**Parties**," and, individually, as a "**Party**."

WHEREAS:

A. Valent owns certain patent rights and related materials relating to [*] and the uses thereof.

B. The Parties have agreed to enter into this Agreement to record the terms on which Valent has agreed to assign, convey and transfer such patent rights and sell related materials to Del Mar.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged) the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

Capitalized terms used herein shall have the meanings set forth below, unless the context otherwise requires.

(a) "**Affiliate**", with respect to a Party, means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Party. A Person shall be regarded as in control of another Person if it owns or directly or indirectly controls more than fifty percent (50%) of the voting stock or other ownership interest of the other Person, or if it possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person.

(b) "**Agreement**" means this Patent Assignment Agreement, including all Schedules attached hereto.

(c) "**Assigned Patents**" means the patents and patent applications (and any patents to issue therefrom) that are identified on Schedule A attached hereto, and all patent applications (and the patents resulting therefrom) hereafter filed based upon or claiming priority from any such patents or patent applications, including any reissues, reexaminations, extensions (including any supplementary protection certificate), continuations, continuations in part (to the extent the claims thereof are supported by the specifications of patent applications otherwise included herein), divisions, provisionals, substitute applications, registration patents or patents of addition based on any such patent and all foreign counterparts of any of the foregoing.

(d) "**Business Day**" means any day other than Saturday, Sunday or other Days on which commercial banks in Vancouver, British Columbia, Canada or California, USA are authorized or required by law or executive order to close.

(e) "**Calendar Quarter**" means a period of three months ending on March 31, June 30, September 30 and December 31 in each Calendar Year.

(f) "**Calendar Year**" means a period of one year ending on December 31.

(g) "**Compound**" means any of the following: [*]

(h) "**Days**" means any day, including working days, public holidays and weekend days.

(i) "**Del Mar Shares**" means voting common shares of Del Mar.

(j) "**Diligent Efforts**" means, with respect to Del Mar, the use of reasonable, diligent, good faith efforts and resources, as commonly used in the biotechnology industry by a company of similar resources as Del Mar for a product discovered or identified internally, which product is at a similar stage in its development or product life and is of similar market potential. Diligent Efforts requires that Del Mar (itself or through its Affiliates or Third Party licensees), at a minimum, assign responsibility for such obligations to qualified employees, contractors or consultants, set annual goals and objectives for carrying out such obligations, and allocate resources designed to advance such goals and objectives.

(k) "**EMEA**" means the European Medicines Agency, and any successor thereof.

(l) "**FDA**" means the United States Food and Drug Administration, and any successor thereof.

(m) "**Financing Transaction**" means a cumulative equity or debt financing(s), or a merger, acquisition, amalgamation, reverse takeover or other combination, or any combination of the foregoing, cumulatively totalling at least USD $2,000,000.

(n) "**First Commercial Sale**" means, on a country by country basis, with respect to a Product, the first *bona fide* sale of such Product to a Third Party by or on behalf of Del Mar, its Affiliates or licensees in a country in the Territory after Regulatory Approval has been achieved for such Product in such country. For greater certainty, sales for test marketing, sampling and promotional uses, clinical trial purposes or compassionate or similar use shall not be considered to constitute a First Commercial Sale, so long as the Product is provided free of charge, or at or below cost.

(o) "**Formalities**" has the meaning given to it in Section 2.3.

(p) "**Generic Competition**" means, with respect to a Product in a country, that another product(s) competitive with such Product and containing a Compound as its active ingredient is being lawfully marketed and sold by a Third Party in such country at the applicable time, and such competitive product(s) is approved for the same use as the Product, and such competitive product(s) (in units sold) in the applicable Calendar Quarter for such country exceeds 10% of the total aggregate sales (in units sold) of such competitive product(s) combined with sales of such Product during such Calendar Quarter (based on sales statistics compiled by the government of the country, or by an organization the compiles such information and is acceptable to the Parties).

(q) "**Indemnified Party**" has the meaning given to it in Section 9.3.

(r) "**Indemnifying Party**" has the meaning given to it in Section 9.3.

(s) "**IP**" means intellectual property of all types, including, without limitation, patents, copyrights, trademarks, service marks, trade dress, trade secrets, know-how, technology, data, and inventions (whether patented or not), data exclusivity, orphan drug exclusivity and other marketing exclusivity, and registrations and applications for registration of the foregoing.

(t) "**Licensing Revenues**" means all remuneration received by Del Mar and its Affiliates from Third Party licensees with respect to the development or commercialization of Products, including (i) royalties (whether prepaid, advance or running) based on sales of Products by Third Party licensees or their sublicensees; (ii) any licensing fees for rights to develop or commercialize Products, or other payments in connection with the licensing of rights with respect to Products, the Assigned Patents or Materials; (iii) milestone payments based on development, regulatory or commercialization milestones for Products; but excluding (A) equity purchases of Del Mar securities to the extent not exceeding the fair market value of such securities; and (B) equity, credit, barter, benefit, advantage, concession or amounts paid by the Third Party licensees or other collaborators or funders as advance payment or reimbursement for contract research and development activities. If Del Mar and its Affiliates accept any form of consideration other than monies in lieu of such payments from Third Party licensees, such consideration will be converted into an equivalent monetary value, and such monetary value will be considered Licensing Revenues to Del Mar and its Affiliates under this Agreement. "Licensing Revenues" exclude all Net Sales received by Del Mar and its Affiliates.

(u) "**Losses**" means all losses, obligations, liabilities, damages, costs and expenses, including reasonable attorney's fees.

(v) "**Materials**" means the following in the possession or under the control of Valent and its Affiliates as of the Effective Date: (i) any samples or stock of the Compounds and/or Products (the "Prototype Drug"); (ii) prosecution files and associated docket list for the Assigned Patents; and (iii) IP, regulatory filings, results, data and other related materials related to the development, manufacture and/or commercialization of the Products.

(w) "**Net Sales**" means [*]

(x) "**Patent Prosecution Consultation Period**" has the meaning given to it in Section 6.2.

(y) "Person" means any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization or government or political subdivision thereof.

(z) "**Products**" means any and all products (i) containing or comprising a Compound as an active ingredient, or (ii) covered by or derived from any Valid Claims.

(aa) "**Reacquisition Option**" has the meaning given to it in Section 3.1.

(bb) "**Reacquisition Option Period**" has the meaning given to it in Section 3.1.

(cc) "**Reacquisition Trigger Date**" has the meaning given to it in Section 3.1.

(dd) "**Regulatory Approval**" means, with respect to any country, any and all approvals (including any applicable governmental price and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority necessary for the manufacture, use, storage, import, transport, promotion, marketing and commercial sale (including without limitation, packaging and labelling) of Products for human or animal use (as the case may be) in the country.

(ee) "**Regulatory Authority**" means, with respect to any country, any federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity with authority to grant a Regulatory Approval or having jurisdiction over the testing, manufacture, use, storage, import, transport, promotion, marketing and sale of Products for human or animal use (as the case may be) in the country, including, in the United States, the FDA and in the European Union, the EMEA.

(ff) "**Regulatory Exclusivity Period**" means, with respect to each Product, the period that any Regulatory Authority prohibits approval of another product competitive with the Product from being lawfully marketed and sold by a Third Party in a country.

(gg) "**Royalty Term**" means, with respect to each Product, on a country by country basis in each country within the Territory, commencing on the First Commercial Sale of the Product until the last of:

(i) the expiration of the last to expire of the Valid Claims in the Assigned Patents covering such Product in such country;

(ii) the expiration of any Regulatory Exclusivity Period covering such Product in such country; and

(iii) ten (10) years.

(hh) "**Territory**" means worldwide.

(ii) "**Third Party**" means any Person other than a Party or an Affiliate of any Party to this Agreement.

(jj) "**US**" means the United States of America, and its territories and possessions.

(kk) "**USD**" or "**US Dollars**" means the legal tender (currency) in the United States of America.

(ll) "**Valid Claim**" means a claim (i) of an issued and unexpired Assigned Patent that has not been revoked or held permanently unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid or unenforceable through re-issue or disclaimer or otherwise, or (ii) of any patent application included in the Assigned Patents that has not been cancelled, withdrawn or abandoned or been pending for more than six (6) years.

ARTICLE 2
ASSIGNMENT OF PATENTS AND TECHNOLOGY TRANSFER

2.1 Assignment

Valent hereby assigns, conveys and transfers to Del Mar all its right, title and interest in and to the Assigned Patents and the Materials, and all causes of action, rights of recovery and claims for damage or other relief relating, referring or pertaining to the Assigned Patents and the Materials, along with all income, royalties, damages or payments due or payable including claims for past or future infringement or misappropriation of the Assigned Patents and the Materials. Notwithstanding the foregoing, Valent may retain copies of the Materials for reference in its patent prosecution efforts (subject to Section 6.1), as well as reasonable quantities of Compounds and Products for research purposes.

2.2 Delivery

On the Effective Date, Valent shall make available to Del Mar the Assigned Patents and Materials that are in Valent's possession or control, including the prosecution files and associated docket list for the Assigned Patents (including copies of all correspondence to or from examining authorities regarding such Assigned Patents, patents and prior art searches pertaining to the Assigned Patents, and all correspondence with any attorney involved in the preparation and/or prosecution of the Assigned Patents). The Parties acknowledge that Del Mar intends to have the Assigned Patents prosecuted and maintained by the attorneys and the Materials otherwise kept and managed at the prevailing premises and according to the prevailing practices established by Valent prior the assignment, transfer and conveyance of the Assigned Patents and Materials to Del Mar. The Parties further agree that after the Effective Date Del Mar will enter into direct contractual relationship with the such attorneys, and will be solely responsible for any obligations and/or liabilities incurred in connection with the foregoing prevailing practices after the Effective Date. Notwithstanding the foregoing, Del Mar may at any time transfer responsibility for prosecuting and maintaining the Assigned Patents to patent attorneys or patent agents of its choice and require delivery to it of the Materials, in which case Valent will cooperate with Del Mar, its attorneys and agents in so transferring the responsibilities for prosecution and maintenance of the Assigned Patents and receiving delivery of the Materials.

2.3 Further Assurances

Each Party covenants and agrees that it will, upon the reasonable request of the other Party, execute and deliver, or cause to be executed or delivered, any and all documents and take any and all actions that may be necessary or desirable to perfect or evidence the assignment, conveyance and transfer of the Assigned Patents and Materials set forth in Section 2.2 within ten (10) Days of such request. Without limiting the foregoing, Valent agrees to cooperate with Del Mar and to comply with all formalities prescribed by the relevant patent office or reasonably required by Del Mar (the "**Formalities**") resulting in a document or documents evidencing or establishing the assignment, conveyance and transfer that allows the assignment to be fully effective. Each Party shall bear its own costs and expenses of its activities under this Section, except that Del Mar shall bear all costs and expenses associated with the preparation and presentation of such Formalities and assignment.

2.4 Ongoing Support by Valent

Valent recognizes and acknowledges that the Products will require further development in order to permit commercial exploitation, and that Del Mar would not have acquired the Assigned Patents and Materials without a continued commitment by Valent to provide services to the development of Products. Accordingly, Valent agrees to use commercially reasonable efforts to cause Dr. Dennis Brown to enter into a consulting or employment agreement with Del Mar and to provide such additional services to Del Mar as Del Mar may reasonably request during the next three (3) years in respect of the development of Products, at a charge for such services to be agreed upon from time to time between the Parties.

2.5 Development and Commercialization of Products

Del Mar shall have sole discretion and responsibility, at its cost, for the performance and management of all activities associated with the development, manufacture and commercialization of Products by Del Mar, its Affiliates and Third Party licensees. Del Mar shall use Diligent Efforts to develop, manufacture and commercialize Products under this Agreement.

2.6 Opting Out by Del Mar; Reversion

(a) If Del Mar elects not to proceed ("**Opts-Out**") with the research, development and commercialization of the Products conducted by itself or its Affiliates or through Third Party licensees, then Del Mar will give written notice thereof (an "**Opt-Out Notice**") to Valent. In addition, if Del Mar materially breaches its obligations under Section 2.5, then Valent shall have the right to give Del Mar written notice of reversion (a "**Reversion Notice**"), provided that in such event, the Reversion Notice shall not become effective if Del Mar, within thirty (30) days after receiving such Reversion Notice: (i) cures such breach, or, (ii) if such breach is not curable within such thirty (30)-day period, provides Valent with a reasonable plan to cure such breach in a form that is reasonably acceptable to Valent, further provided that Valent shall have the right to provide Del Mar with another Reversion Notice effective immediately if Del Mar does not perform according to such plan. Effective as of the effective date of the Opt-Out Notice or Reversion Notice, as the case may be, (i) Del Mar hereby assigns, conveys and transfers to Valent at no cost to Valent (A) all Del Mar's then existing right, title and interest in and to the Assigned Patents and Materials; and (B) all know-how, regulatory filings, results, data and other related materials related to the development, manufacture and/or commercialization of the Products that are generated or otherwise obtained by or on behalf of Del Mar, its Affiliates or licensees and that Del Mar has the right to so transfer, assign and convey to Valent without violating any other agreement or arrangement with any Third Party; and (ii) Del Mar hereby grants Valent a non-exclusive, fully-paid, royalty-free, perpetual, worldwide and non-transferable (except as provided in Section 11.1) license, with the right to grant sublicenses, under all IP controlled by Del Mar that is incorporated into the Products and that Del Mar has the right to so license to Valent without violating any other agreement or arrangement with any Third Party, to develop, make, have made, use, offer for sale, sell and import the Products.

(b) Upon the effective date of the Opt-Out Notice or Reversion Notice, as the case may be, Valent shall have sole discretion and responsibility (but not the obligation), at its cost, for the research, development and commercialization of the Products; however, Valent shall pay Del Mar royalties on the annual worldwide Valent Net Sales of Products. The royalty rate shall be based on the stage of development and commercialization that the Products had achieved at the effective date of the Opt-Out Notice or Reversion Notice, as follows:

Date of Opt-Out Notice or Reversion Notice	**Royalty on Valent Net Sales**
[*]	[*]
[*]	[*]
[*]	[*]

Royalties on Valent Net Sales shall become due and payable within sixty (60) days after the end of each Calendar Quarter and shall be calculated with respect to Valent Net Sales in such Calendar Quarter. All royalties on Valent Net Sales shall be made in USD without reduction or deduction of any kind whatsoever. Valent shall deliver to Del Mar with each payment of royalties on Valent Net Sales hereunder a statement setting out in detail how the royalties payment was determined. Valent will furnish upon any request by Del Mar such reasonable evidence as is necessary to verify royalties owing by Valent to Del Mar on Valent Net Sales hereunder.

(c) For the purposes of this Section 2.6, the following terms will have the following meanings:

"**Act**" means the United States Federal Food, Drug and Cosmetic Act, 21 U.S.C. §§ 301 et seq., as amended and in effect from time-to-time.

"**CFR**" means the United States Code of Federal Regulations, as amended and in effect from time-to-time.

"**Commencement of a Registration Trial**" means the date on which the first subject in such Registration Trial is enrolled.

"**Marketing Authorization**" means all approvals from the relevant Regulatory Authority necessary to market and sell a Product in any country in the Territory (including without limitation all applicable pricing and governmental reimbursement approvals even if not legally required to sell the Product in a country).

"**NDA**" means a New Drug Application, Biologics License Application, Community-Wide Marketing Application, Marketing Authorization Application, filing pursuant to Section 510(k) of the Act, or similar application or submission for Marketing Authorization of a Product filed with a Regulatory Authority to obtain marketing approval for a biological or pharmaceutical product in that country or in that group of countries.

"**NDA Filing**" means the acceptance by a Regulatory Authority of an NDA for filing.

"**Phase II**" shall mean a human clinical trial, for which a primary endpoint is a preliminary determination of efficacy or dose ranges in patients with the disease target being studied as required in 21 C.F.R. §312, or a similar clinical study prescribed by any Regulatory Authority in a country other than the United States.

"**Phase III**" means a human clinical trial, the principal purpose of which is to establish safety and efficacy in patients with the disease target being studied as required in 21 C.F.R. §312, or similar clinical study prescribed by any Regulatory Authority in a country other than the United States. A Phase III study shall also include any other human clinical trial intended as a Pivotal Study, whether or not such study is a traditional Phase III study.

"**Registration Trial**" means a Phase III study, a combined Phase II/Phase III study, or any Phase II study in lieu of a Phase III study), or any well controlled study intended to provide the substantial evidence of efficacy necessary to support an NDA Filing (a "**Pivotal Study**").

"**IND**" means an investigational new drug application, clinical study application, clinical trial exemption, or similar application or submission for approval to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirements of such Regulatory Authority.

"**Valent Net Sales"** means [*]

2.7 License Grant to Valent

Subject to the terms and conditions of this Agreement, Del Mar hereby grants Valent a non-exclusive, worldwide, fully-paid, royalty-free, perpetual and non-transferable (except as provided in Section 11.1) license, with the right to grant sublicenses, under the Assigned Patents to research, develop, make, have made, use, sell, offer for sale, otherwise commercialize and import products other than Products.

2.8 No Merger of Terms

The representations, warranties and covenants contained in this Agreement shall survive the completion of the assignment, conveyance and transfer of the Assigned Patents and Materials and shall continue in full force and effect for the benefit of Valent and Del Mar.

ARTICLE 3
CERTAIN OBLIGATIONS OF THE PARTIES

3.1 Financing Transaction

Del Mar will use reasonable commercial efforts to complete by December 31, 2010 a Financing Transaction to support the development of Products. If Del Mar fails to complete a Financing Transaction by December 31, 2010, or such later date as approved by Valent (the "**Reacquisition Trigger Date**"), then Valent shall have the option (the "**Reacquisition Option**") exercisable by written notice given by Valent to Del Mar within a period of thirty (30) Days after the Reacquisition Trigger Date (the "**Reacquisition Option Period**") to terminate this Agreement and to reacquire the Assigned Patents. If Valent validly exercises the Reacquisition Option within the Reacquisition Option Period, then Del Mar will assign, convey and transfer all its then existing right, title and interest in and to the Assigned Patents and Materials to Valent at no cost to Valent and upon such assignment, conveyance and transfer being complete this Agreement will terminate without further obligation or liability of either Party and each Party will be released from all remaining obligations under this Agreement, subject to Section 10.3(c). If Del Mar completes a Financing Transaction on or before the Reacquisition Trigger Date or the Reacquisition Option Period expires without Valent having validly exercised the Reacquisition Option, then the Reacquisition Option will expire and be of no further force or effect, and will no longer be exercisable by Valent.

ARTICLE 4
FINANCIAL PROVISIONS

4.1 Net Sales – Royalties

On a Product-by-Product and country-by-country basis, during the applicable Royalty Term, Del Mar will pay Valent royalties based upon the Net Sales by Del Mar and its Affiliates for each Product. Subject to Section 4.4, the royalty rate for each Product and on a Product-by-Product basis for Net Sales made by Del Mar and its Affiliates will be [*]%.

4.2 Licensing Revenues – Royalties

On a Product-by-Product and country-by-country basis, during the applicable Royalty Term, Del Mar will pay Valent royalties based upon Licensing Revenues received by Del Mar and its Affiliates from Third Party licensees (i.e., licensees that are not Del Mar's Affiliates). The royalty rate for Licensing Revenues on a Product-by-Product basis for Licensing Revenues received by Del Mar and its Affiliates will be [*]%.

4.3 Purchase of Prototype Drug, Materials and Intellectual Property

Del Mar shall purchase the Prototype Drug from Valent at a cost of $[*] ("Drug Product Purchase Payment"). Such Drug Product Purchase Payment shall be become due upon the Effective Date and shall be made no later than 90 days following the completion of a Financing Transaction, unless otherwise agreed by the Parties.

In recognition of the value of the Intellectual Property and Materials other than the Prototype Drug, and subject to compliance with applicable securities laws and the constating documents of Del Mar, Del Mar agrees to grant to Valent warrants (the "**Valent Warrants**") entitling Valent to purchase 500,000 Del Mar Shares upon completion of the Financing Transaction. The Valent Warrants shall be granted only if a Financing Transaction occurs, and will be granted within 60 days following the completion of a Financing Transaction pursuant to the terms and conditions of a warrant agreement to be entered into between Del Mar and Valent and shall contain a net exercise provision and other customary provisions. The Valent Warrants shall be exercisable at any time following their issuance and shall automatically expire five (5) years after the closing date of the Financing Transaction. Except as provided in this Section, the exercise price of the Valent Warrants will be equal to the purchase price of the securities sold under the Financing Transaction. Notwithstanding the foregoing, if at any time Del Mar lists the Del Mar Shares on any public exchange and the average daily closing price of the Del Mar Shares traded on the public exchange is twice (2x) the initial public offering share price for the Del Mar Shares for more than ninety (90) consecutive trading days (the "**Trading Period**"), then Del Mar may by written notice (the "**Warrant Exercise Notice**") require Valent to exercise the Valent Warrants within thirty (30) days (the "**Warrant Exercise Period**") of the Warrant Exercise Notice at an exercise price equal to the average daily closing price of the Del Mar Shares during the Trading Period. Any unexercised Valent Warrants that Valent does not exercise within the Warrant Exercise Period shall thereafter automatically expire.

4.4 Adjustments to Royalties on Net Sales

(a) Generic Competition. If, in a given country during a Calendar Quarter for which royalties are being calculated hereunder for Net Sales, any Product is not covered by a Valid Claim included in the Assigned Patents or by any Regulatory Exclusivity Period AND Generic Competition exists for the particular Product(s) in such country, then the royalty rate otherwise applicable to the Net Sales will be reduced by [*].

(b) Anti-Stacking Provision. If access to a Third Party's IP is required for exploitation of the Products, and in such circumstances Del Mar or its Affiliates pay royalties to a Third Party for any Product for which royalties are also due to Valent for Net Sales, Del Mar will have the right to deduct from the royalties owed to Valent on account of Net Sales [*]

4.5 Royalty Payments

Royalties will be payable on a Calendar Quarter basis, within [sixty (60) days] after the end of each Calendar Quarter, based upon the Net Sales and Licensing Revenues during such Calendar Quarter.

4.6 Royalty Statements

Del Mar will deliver to Valent within [sixty (60) days] after the end of each Calendar Quarter in which Products, for which Del Mar owes a royalty hereunder, are sold, and Licensing Revenues are received, a detailed statement showing (i) Net Sales made by Del Mar and its Affiliates of each such Product; (ii) the amount and calculation of royalties due on such Net Sales; (iii) Licensing Revenues received by Del Mar and its Affiliates during the applicable Calendar Quarter; and (iv) the amount and calculation of royalties due on such Licensing Revenues.

4.7 Payment Method

All amounts due by Del Mar hereunder will be paid by wire transfer in immediately available funds to an account designated by Valent.

4.8 Currency; Foreign Payments

All amounts due to Valent hereunder will be expressed and paid in USD, unless specifically provided otherwise. With respect to Net Sales and Licensing Revenues received in a currency other than USD, the Net Sales and Sublicense Revenue (Products Sales) will be expressed in the applicable domestic currency, together with the USD equivalent calculated in accordance with Del Mar's accounting practices, policies and procedures for foreign exchange as they may exist from time to time. If at any time legal restrictions prevent the prompt remittance of any royalties with respect to Net Sales and Licensing Revenues in any jurisdiction, Del Mar may notify Valent and make such payments by depositing the amount thereof in local currency in a bank account or other depository in such country in the name of Valent, and Del Mar will have no further obligations under this Agreement with respect thereto.

4.9 Taxes

Del Mar may deduct from any royalty amounts it is required to pay pursuant to this Agreement any amount withheld for or due on account of any taxes (other than taxes imposed on or measured by Del Mar's net income, capital or branch profits) or similar governmental charge imposed by any jurisdiction ("**Withholding Taxes**"). Withholding Taxes will be remitted by Del Mar to the proper taxing authority. Proof of payment will be provided promptly by Del Mar to Valent. The timing of Del Mar furnishing the proof will be governed by applicable tax laws and applicable tax authorities. At Valent's request, Del Mar will reasonably assist Valent in pursuing the refund or credit of such tax, if such refund is appropriate in Valent's determination.

4.10 Records Retention; Audit

(a) Record Retention. Del Mar will maintain (and will ensure that its Affiliates will maintain) complete and accurate books, records and accounts that fairly reflect their respective Net Sales and Licensing Revenues in sufficient detail to confirm the accuracy of any payments required hereunder, which books, records and accounts will be retained by Del Mar until the longer of three (3) years after the end of the period to which such books, records and accounts pertain or any retention period under applicable law.

(b) Audit. Valent will have the right to have an independent chartered accounting firm of nationally recognized standing, reasonably acceptable to Del Mar, to have access during normal business hours, and upon reasonable prior written notice, to such of the records of Del Mar and its Affiliates as may be reasonably necessary to verify the accuracy of such Net Sales and Licensing Revenues for any Calendar Year ending not more than thirty-six (36) months prior to the date of such request; provided, however, that Valent will not have the right to conduct more than one such audit in any twelve (12)-month period unless any prior audit reveals a material misstatement or misrepresentation by Del Mar in its reporting, accounting or record keeping of Net Sales or Licensing Revenues pursuant to this Agreement, in which case Valent may conduct subsequent additional audit(s) in the same (12)-month period in order to verify that the misstatement or misrepresentation has been corrected. The accounting firm will disclose to each Party whether such Net Sales and Licensing Revenues, as applicable, are correct or incorrect and the specific details concerning any discrepancies. No other information will be provided to Valent. Valent will bear the cost of such audit unless the audit reveals a variance of more than five percent (5%) from the reported results, in which case Del Mar will bear the reasonable cost of the audit. The results of such accounting firm will be final, absent manifest error.

(c) Payment of Additional Royalties. If, based on the results of such audit, additional payments are owed by Del Mar under this Agreement, Del Mar will make such additional payments, within forty-five (45) days after the date on which such accounting firm's written report is delivered to Del Mar.

(d) Confidentiality. Valent will treat all information subject to review under Section 4.10 in accordance with the confidentiality provisions of Article 5 and will cause its accounting firm to enter into a reasonably acceptable confidentiality agreement with Del Mar obligating such firm to maintain all such financial information in confidence pursuant to such confidentiality agreement.

ARTICLE 5
CONFIDENTIALITY

5.1 Confidentiality

Each Party shall hold this Agreement and the terms and conditions herein, and Valent shall hold any confidential Materials and all information subject to review under Section 4.10 (all of which shall be deemed the confidential information of Del Mar regardless of which Party disclosed such information to the other Party), strictly confidential and shall not disclose them nor the existence or any copy of this Agreement to any Person without the prior written permission of the other Party, except:

(a) to its Affiliates and their respective directors, shareholders, employees and consultants who have a need to know, each of whom prior to disclosure must be bound by obligations of confidentiality at least equivalent in scope to those set forth in this Article 5,

(b) if required by applicable law, regulation or stock exchange regulation, provided, however, that the disclosing Party shall (i) provide the other Party with reasonable advance notice of and an opportunity to comment on any such required disclosure, (ii) if requested by such other Party, seek confidential treatment with respect to any such disclosure to the extent available, and (iii) use good faith efforts to incorporate the comments of such other Party in any such disclosure or request for confidential treatment;

(c) to the extent needed to disclose to any Third Party actual or potential shareholders, lenders, licensees or licensors, sub-contractors, customers, acquirers or merger candidates; existing or potential pharmaceutical collaborators; investment bankers; existing or potential investors, venture capital firms or other financial institutions or investors for purposes of obtaining financing, each of whom prior to disclosure must be bound by a duty of non-disclosure; or

(d) in the case of Del Mar, to any Regulatory Authority as required in connection with any filing, application or request for Regulatory Approval for Products; provided, however, that reasonable measures shall be taken to assure confidential treatment of such information.

5.2 Press Releases

Press releases or other similar public communication by either Party relating to this Agreement, shall be approved in advance by the other Party, which approval shall not be unreasonably withheld or delayed, except for those communications required by applicable law, regulation or stock exchange regulation (which shall be provided to the other Party as soon as practicable after the release or communication thereof), disclosures of information for which consent has previously been obtained, and information of a similar nature to that which has been previously disclosed publicly with respect to this Agreement, each of which shall not require advance approval.

ARTICLE 6
PROSECUTION AND MAINTENANCE

6.1 Assigned Patents

Del Mar shall, at its own expense and at its discretion, file, maintain, prosecute and defend all Assigned Patents. At the request of Del Mar, Valent shall provide reasonable cooperation in connection with such filing, prosecution, maintenance or defense. Del Mar shall reimburse Valent for any reasonable out-of-pocket expenses or costs incurred in connection with such cooperation.

6.2 Del Mar to Consult with Valent for a Certain Period

Until such time as Del Mar completes a Financing Transaction or the Reacquisition Option Period expires (the "**Patent Prosecution Consultation Period**"), Del Mar shall keep Valent informed on an ongoing basis regarding filing, prosecution and maintenance of the Assigned Patents and any actions which require to be taken in relation thereto. During the Patent Prosecution Consultation Period, Del Mar shall keep Valent informed of all filings related to such filing, prosecution or maintenance reasonably in advance of any relevant actions and deadlines and shall consider in good faith the requests and suggestions of Valent with respect to strategies for filing, prosecuting, maintaining and extending the Assigned Patents. During the Patent Prosecution Consultation Period, if Del Mar at its discretion decides to abandon any of the Assigned Patents in any country, Del Mar shall, before so doing, offer to assign such Assigned Patents in that country to Valent free of any payment whatsoever and shall give Valent reasonable time to effect such assignment before abandoning such Assigned Patent. With effect from the date Valent takes assignment of such Assigned Patents in that country, Del Mar's right under this Agreement in respect of that Assigned Patent in that country and Del Mar's right to file, prosecute, maintain and defend that Assigned Patent in that country under this Agreement shall cease. After expiry of the Patent Prosecution Consultation Period, Del Mar shall not be obligated to keep Valent informed regarding filing, prosecution and maintenance of the Assigned Patents or any actions which require to be taken in relation thereto.

ARTICLE 7
ENFORCEMENT

7.1 Notification

In the event that Valent obtains knowledge of any infringement or misappropriation by a Third Party of any of the Assigned Patents or Materials, Valent shall inform Del Mar promptly of such infringement and provide Del Mar with any available evidence of such infringement or misappropriation.

7.2 Enforcement Rights of Valent

Del Mar shall have the right, but not the obligation, to commence, prosecute, and settle or otherwise compromise any dispute, action, suit, or proceeding involving or against any Third Party believed to have infringed or misappropriated any Assigned Patents or Materials.

7.3 Enforcement

Any dispute, action, suit or proceeding commenced by Del Mar to enforce its rights in and to the Assigned Patents and Materials shall be at its own cost and expense. Valent agrees to cooperate with Del Mar in any such dispute, action, suit or proceeding, in any way reasonably necessary, including being named as a party to such dispute, action, suit or proceeding commenced by Del Mar if so requested by Del Mar or required by law, and all reasonable out-of-pocket expenses incurred by Valent in connection therewith shall be reimbursed by Del Mar. Valent shall have no claim of any kind against Del Mar based on or arising out of Del Mar's handling or settlement of or decisions concerning any such dispute, action, suit or proceeding, and Valent hereby irrevocably releases Del Mar from any such claim. Del Mar shall have the right to subsequently cease to pursue or withdraw from such dispute, action, suit or proceeding at any time.

7.4 Recoveries

All damages or other compensation of any kind recovered in such dispute, action, suit or proceeding commenced by Del Mar or from any settlement or compromise thereof shall be for the benefit of Del Mar and shall be deemed Net Sales, subject to its royalties obligations to Valent hereunder.

ARTICLE 8
REPRESENTATIONS, WARRANTIES AND DISCLAIMER

8.1 Mutual Representations

Each Party represents and warrants to the other Party that: (i) it has the right to enter into this Agreement; (ii) it is a corporation duly incorporated and existing under the laws of the jurisdiction of its incorporation and having the power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated hereby, all of which will have been duly and validly authorized by all required corporate proceedings; and (iii) this Agreement, when executed and delivered by both Parties, will be a valid and binding agreement and obligation, enforceable against the Party in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium, and similar laws of general application affecting the enforcement of creditors' rights generally, and subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief or specific performance, is in the discretion of the court.

8.2 Representations of Valent

Valent represents and warrants to Del Mar that, as of the Effective Date:

(a) Valent is the sole and exclusive owner of all right, title and interest in and to the Materials;

(b) Valent is the sole and exclusive owner of all right, title and interest in and to the Assigned Patents;

(c) the Assigned Patents identified on Schedule A include all patents and patent applications owned by Valent or its Affiliates on or prior to the Effective Date that cover 1,2,5,6-Dianhydrogalactitol. There are no other US or unpublished foreign filings owned or controlled by Valent or its Affiliates filed prior to the Effective Date that cover 1,2,5,6-Dianhydrogalactitol and uses thereof other than as set forth on Schedule A, nor does Valent have any intention to make any such filing;

(d) Valent has the right to transfer to Del Mar good and clear title to the Assigned Patents and Materials free and clear of all claims, liens and encumbrances;

(e) Valent is not a party to or threatened with any legal proceedings, claims or enquiries relating to the Assigned Patents or the Materials, and is not aware of any circumstances which would give rise to any such legal proceedings or enquiries;

(f) Valent has timely made all filings, payments of fees and recordations with the applicable intellectual property or patent offices as required by applicable laws to maintain its interest in the Assigned Patents as set out on Schedule A, and all such registrations and applications remain in full force and effect and have not been abandoned or withdrawn;

(g) to Valent's best knowledge, the Assigned Patents set out on Schedule A list all inventors and owners of the Assigned Patents set out on Schedule A in accordance with applicable laws;

(h) Valent has used commercially reasonable efforts to protect the secrecy of all confidential Materials;

(i) Valent and its Affiliates have not assigned, charged or encumbered, or agreed to assign, charge or encumber, the Assigned Patents or the Materials;

(j) Valent and its Affiliates have not granted, or agreed to grant, a license, in any form, for all or any portion of the Assigned Patents or the Materials;

(k) Valent has made full and complete disclosure to Del Mar of all material facts and information that Valent has in its possession concerning any circumstances that could adversely affect in a material manner the proposed development, production or disposition of Products by Del Mar;

(l) neither the execution and delivery of this Agreement, nor the completion of the purchase and sale contemplated herein will:

(i) violate any of the terms and provisions of the constating documents of Valent, or any order, decree, statute, bylaw, regulation, covenant or restriction applicable to Valent, the Assigned Patens or Materials; or

(ii) give any person the right to acquire, deal with or obtain any interest or right in any of the Assigned Patents or Materials; and

(m) the summary of the existing Assigned Patents set out in Schedule A is true and correct in all material respects.

8.3 Covenant.

Valent covenants to use reasonable commercial efforts to cause its employees, Affiliates, consultants, and subcontractors who have had or will have access to confidential Materials to enter into non-disclosure agreements with Valent (if such Persons are not already parties to non-disclosure agreements with Valent) whereby each of such Persons will maintain such Materials as confidential.

8.4 Disclaimers.

Nothing contained in this Agreement shall be construed as (i) conferring any license or other right, by implication, estoppel or otherwise, under any IP of the other Party, except as herein expressly granted; or (ii) a warranty, condition or representation by either of the Parties hereto as to the validity or scope of any Assigned Patents. **EXCEPT AS EXPRESSLY PROVIDED UNDER THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS, WARRANTIES OR CONDITIONS OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OR CONDITION OF MERCHANTABILITY, MERCHANTABLE QUALITY, DURABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT OR ANY OTHER MATTER WITH RESPECT TO THE ASSIGNED PATENTS AND MATERIALS PROVIDED HEREUNDER.**

8.5 Del Mar Acknowledgment

Valent make no representation or warranty and specifically disclaims any guarantee that the development of any Product will be successful, in whole or in part, or that the Assigned Patents and the Materials will be suitable for commercialization.

ARTICLE 9
INDEMNITY AND LIMITATIONS

9.1 Valent Indemnity

Valent shall defend, indemnify and hold harmless Del Mar, its Affiliates and its and their respective agents, directors, officers and employees, at Valent's cost and expense, from and against any and all Losses incurred or imposed upon any of the foregoing indemnified parties in connection with any Third Party claims, suits, actions, demands or judgments arising out of (i) any breach by Valent of any of its representations, warranties or obligations pursuant to this Agreement, or (ii) the negligence or wilful misconduct of Valent.

9.2 Del Mar Indemnity

Del Mar shall defend, indemnify and hold harmless Valent, its Affiliates and its and their respective agents, directors, officers and employees, at Del Mar's cost and expense, from and against any and all Losses incurred or imposed upon any of the foregoing indemnified parties in connection with any Third Party claims, suits, actions, demands or judgments arising out of (i) any breach by Del Mar of any of its representations, warranties or obligations pursuant to this Agreement, (ii) the negligence or wilful misconduct of Del Mar; or (iii) any injury, damage or loss resulting from any Product or Del Mar's practice of the Assigned Patents and/or use of the Materials by Del Mar, its Affiliate, or licensees; other than as a result of the negligence or wilful misconduct of Valent.

9.3 Indemnification Procedure

When seeking indemnity under Section 9.1 or 9.2 hereof, each Party (the "**Indemnified Party**") shall give notice to the other Party (the "**Indemnifying Party**") promptly after such Indemnified Party has actual knowledge of any threatened or asserted Third Party claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided that:

(a) the Indemnifying Party may so assume the defense of any such claim or any litigation resulting therefrom only if it shall give notice to the Indemnified Party of the Indemnifying Party's decision to so assume such defense within thirty (30) Days after the date of the notice from the Indemnified Party of the Third Party claim as to which indemnity is sought and acknowledges in writing to the Indemnified Party that any Losses in connection with such claim or any litigation resulting therefrom are Losses for which the Indemnified Party shall be entitled to indemnification pursuant to this Agreement;

(b) counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom (if such defense is assumed by the Indemnifying Party), shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld) and the Indemnified Party may participate in such defense with the Indemnified Party's own counsel at the Indemnified Party's own expense (unless (i) the employment of counsel by such Indemnified Party has been authorized by the Indemnifying Party; (ii) the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in the defense of such action; or (iii) the Indemnifying Party shall have failed to assume the defense as provided herein, in each of which cases the Indemnifying Party shall pay the reasonable fees and expenses of one law firm serving as counsel for the Indemnified Party, which law firm shall be subject to approval, not to be unreasonably withheld, by the Indemnifying Party);

(c) the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement to the extent that the failure to give notice did not result in prejudice to the Indemnifying Party;

(d) no Indemnifying Party, in the defense of any such claim or litigation, shall, except with the approval of each Indemnified Party, which approval shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which (i) would result in injunctive or other relief being imposed against the Indemnified Party; or (ii) does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation;

(e) each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom; and

(f) if the Indemnifying Party assumes the defense of the Third Party claim or litigation, the Indemnified Party shall not settle or agree to a judgment with respect to such claim or litigation without the consent of the Indemnifying Party.

9.4 Limitations

EXCEPT AS FOR LOSSES WHICH ARE SUBJECT TO INDEMNIFICATION OBLIGATIONS OF THE PARTIES, VALENT'S BREACH OF CONFIDENTIALITY OBLIGATIONS UNDER THIS AGREEMENT, OR EITHER PARTY'S MISAPPROPRIATION OF THE OTHER PARTY'S IP: UNDER NO CIRCUMSTANCES SHALL ANY PARTY BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR SPECIAL (EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING FROM ANY PROVISION OF THIS AGREEMENT, OR FOR LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS. EXCEPT AS PROVIDED IN THIS SECTION, THESE LIMITATIONS WILL APPLY TO ANY FORM OF ACTION, WHETHER ARISING UNDER STATUTE, CONTRACT

(INCLUDING FUNDAMENTAL BREACH), TORT (INCLUDING NEGLIGENCE) OR OTHERWISE.

ARTICLE 10
TERM AND TERMINATION

10.1 Term

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement will begin upon the Effective Date and will continue in full force and effect on a country-by-country basis until Licensee has no remaining royalty obligations in a country as set forth in Article 4.

10.2 Termination for Breach

(a) In the event that Del Mar breaches its payment obligations under this Agreement, Valent may immediately terminate this Agreement in the event that Del Mar has not remedied such breach within sixty (60) Days after Valent sends written notice specifying such breach to Del Mar.

(b) Except as provided above in Section 10.2(a), either Party may at its sole discretion unilaterally terminate this Agreement in the event that the other Party materially breaches any of its obligations under this Agreement and does not cure such breach within thirty (30) Days after receipt of notice thereof.

10.3 Effect of Termination

(a) In the event that Valent terminates this Agreement as provided above in Section 10.2(a), then effective as of the effective date of such termination, (i) Del Mar hereby assigns, conveys and transfers to Valent at no cost to Valent (A) all Del Mar's then existing right, title and interest in and to the Assigned Patents and Materials; and (B) all know-how, regulatory filings, results, data and other related materials related to the development, manufacture and/or commercialization of the Products that are generated or otherwise obtained by or on behalf of Del Mar, its Affiliates or licensees and that Del Mar has the right to so transfer, assign and convey to Valent without violating any other agreement or arrangement with any Third Party; and (ii) Del Mar hereby grants Valent a non-exclusive, fully-paid, royalty-free, perpetual, worldwide and non-transferable (except as provided in Section 11.1) license, with the right to grant sublicenses, under all IP controlled by Del Mar that is incorporated into the Products and that Del Mar has the right to so license to Valent without violating any other agreement or arrangement with any Third Party, to develop, make, have made, use, offer for sale, sell and import the Products.

(b) Except as provided in Section 10.3(a), termination or expiration of this Agreement for any reason will not result in any right, title or interest in or to the Assigned Patents and Materials revesting in Valent, all of which shall remain the property of Del Mar; provided, however, following such termination or expiration of this Agreement Del Mar shall continue to be obligated to pay to Valent royalties on Net Sales and Licensing Revenues subject to and in accordance with the terms and conditions of this Agreement.

(c) Termination of this Agreement for any reason shall not affect or impair the terminating Party's right to pursue any legal remedy, subject to the terms of this Agreement, including, but not limited to, the right to recover damages, for any harm suffered or incurred by the terminating Party as a result of such breach or default.

(d) Article 4, Article 5, Article 8, and Article 9, and Sections 10.3, 11.9, and such other provisions as may reasonably be expected to remain in force will survive the expiration or termination of this Agreement and will remain in full force and effect following such expiration or termination.

ARTICLE 11
MISCELLANEOUS PROVISIONS

11.1 Assignment

This Agreement may not be assigned or otherwise transferred by either Party without the prior written consent of the other Party; provided, however, that (i) either Party may assign this Agreement and any of its rights and obligations, without the consent of the other Party, to any of its Affiliates as part of an internal restructuring or reorganization; and (ii) either Party may assign this Agreement and any of its rights and obligations, without the consent of the other Party, in connection with the transfer or sale of all or substantially all of its assets or business to which this Agreement relates or in the event of its merger, consolidation, combination (including by plan of arrangement) with another Person. If Del Mar merges, consolidates or combines into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or transfers or sells all or substantially all of its assets or business to which this Agreement relates to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of Del Mar shall assume the obligations set forth in this Agreement. In particular, without limiting the aforesaid, Del Mar will not assign any of the Assigned Patents unless such assignment is specifically made subject to the terms of this Agreement. Any purported assignment in contravention of this Section 11.1 shall, at the option of the non-assigning Party, be null and void and of no effect. No assignment shall release either Party from responsibility for the performance of any accrued obligation of such Party hereunder. This Agreement shall be binding upon and enforceable against the successor to or any permitted assignees from either of the Parties hereto.

11.2 Waiver

No provision of this Agreement may be waived except in writing by the Parties hereto. No failure or delay by any Party hereto in exercising any

right or remedy hereunder or under applicable law will operate as a waiver thereof, or a waiver of any right or remedy on any subsequent occasion.

11.3 Severability

If any provision of this Agreement or any part of any provision (in this Section called the "**Offending Provision**") is declared or becomes unenforceable, invalid or illegal for any reason whatsoever including, without limiting the generality of the foregoing, a decision by any competent courts, legislation, statutes, bylaws or regulations or any other requirements having the force of law, then the remainder of this Agreement will remain in full force and effect as if this Agreement had been executed without the Offending Provision. Upon such determination that any term or other provision is unenforceable, invalid or illegal, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

11.4 Counterparts

This Agreement may be executed in duplicate, each of which shall be deemed to be original and both of which shall constitute one and the same Agreement.

11.5 No Agency

Nothing herein contained shall be deemed to create an agency, joint venture, amalgamation, partnership or similar relationship among the Parties.

11.6 Notices

All communications between the Parties with respect to any of the provisions of this Agreement will be sent to the addresses set out below, or to such other addresses as may be designated by one Party to the other by notice pursuant hereto, (i) by personal delivery (which shall be deemed received when delivered), (ii) by international express courier (which shall be deemed received when delivered), (iii) by prepaid, certified mail (which shall be deemed received by the other Party on the seventh Business Day following deposit in the mails), or (iv) by facsimile transmission, or other electronic means of communication (which shall be deemed received when transmitted), with confirmation by prepaid certified mail, given by the close of business on or before the next following Business Day:

(a) If to Valent, at:

100 San Mateo Drive
Menlo Park, CA 94025 USA
Attn: Dennis Brown, Ph.D.

Fax: +1 (650) 365-5525

Email: dbrown@valenttech.com

(b) If to Del Mar, at:

c/o Joseph Garcia – McCarthy Tétrault LP
Suite 1300, 777 Dunsmuir Street
Vancouver, BC V7Y 1K2
Attn : Jeffrey Bacha, B.Sc., M.B.A.

Fax : +1 (604) 643-7900

Email : jgarcia@mccarthy.ca

11.7 Headings

The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

11.8 Entire Agreement

This Agreement contains the entire understanding of the Parties relating to the matters referred to herein, and supersedes all previous invitations, proposals, letters, correspondence, negotiations, promises, agreements, covenants, conditions, representations and warranties with respect to the subject matter of this Agreement. There is no representation, warranty, collateral term or condition or collateral agreement affecting this Agreement, other than as expressed in writing in this Agreement. This Agreement may only be amended by a written document, duly executed on behalf of the respective Parties.

11.9 Governing Law and Jurisdiction

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable therein without regard to conflict of law rules that would apply a different body of law. The United Nations Convention on Contracts for the International Sale of Goods will not apply in any way to this Agreement or to the transactions contemplated by this Agreement or otherwise to create any rights or to impose any duties or obligations on any Party to this Agreement. The Parties agree that, in the event of any dispute under this Agreement, the Parties shall first seek to resolve such dispute in good faith. If such dispute cannot be resolved despite the Parties' good faith efforts within a ninety (90) day period, then either Party may refer such dispute for binding arbitration to be conducted in New York, New York by the International Centre for Dispute Resolution in accordance with its International Arbitration Rules rules by a sole arbitrator to be agreed upon by the Parties. In the event the Parties cannot agree on the identity of the arbitrator, the arbitrator shall be appointed by the International Centre for Dispute Resolution. The arbitrator's decision shall be binding upon both Parties and neither Party shall attempt to appeal or reverse such decision by any action, suit or otherwise. Notwithstanding the foregoing, either Party will have the right to apply to a court of competent jurisdiction for a preliminary or interim injunction or other equitable relief to preserve the status quo or prevent irreparable harm pending resolution of the matter by arbitration.

11.10 Remedies not Exclusive

The remedies provided to the parties under this Agreement are cumulative and not exclusive to each other, and any such remedy will not be deemed or construed to affect any right which any of the Parties is entitled to seek at law, in equity or by statute.

11.11 Further Assurances

Each of the Parties will promptly execute and deliver to the other at the cost of the other such further documents and assurances and take such further actions as the other may from time to time request in order to more effectively carry out the intent and purpose of this Agreement and to establish and protect the rights, interests and remedies intended to be created in favour of the other.

11.12 Force Majeure

The failure or delay of any Party to this Agreement to perform any obligation under this Agreement solely by reason of acts of God, acts of civil or military authority, civil disturbance, war, strikes or other labour disputes or disturbances, fire, transportation contingencies, shortage of facilities, fuel, energy, labour or materials, or laws, regulations, acts or orders of any governmental agency or official, other catastrophes, or any other circumstance beyond its reasonable control ("**Force Majeure**") will be deemed not to be a breach of this Agreement so long as the Party so prevented from complying with this Agreement has not contributed to such Force Majeure, has used reasonable efforts to avoid such Force Majeure or to ameliorate its effects, and continues to take all actions within its power to comply as fully as possible with the terms of this Agreement. In the event of any such Force Majeure, performance of the obligations will be deferred until the Force Majeure ceases. This Section will not apply to excuse a failure to make any payment when due.

11.13 Enurement

Subject to the restrictions on transfer contained in this Agreement, this Agreement will enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns.

(Signature page follows.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the 12th day of September, 2010 (the "**Effective Date**"), by their duly authorized representatives.

VALENT TECHNOLOGIES LLC

By: /s/ Dennis Brown
Name: Dennis Brown
Title: Chairman

DEL MAR PHARMACEUTICALS (BC) LTD.

By: /s/ Jeffrey Bacha
Name: Jeffrey Bacha
Title: President & CEO

SCHEDULE A

ASSIGNED PATENTS

Dennis M. Brown: **[*]**

Dennis M. Brown: **[*]**

Dennis M. Brown: **[*]**

Exhibit 10.10

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR PORTIONS OF THIS AGREEMENT. THE COPY FILED HEREWITH OMITS THE INFORMATION SUBJECT TO THE CONFIDENTIALITY REQUEST. A COMPLETE VERSION OF THIS AGREEMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

AMENDMENT TO

PURCHASE AND PATENT ASSIGNMENT AGREEMENT

BETWEEN:

VALENT TECHNOLOGIES LLC

("Valent")

AND:

DEL MAR PHARMACEUTICALS (BC) LTD.

("DelMar")

WHEREAS:

A. DelMar has entered into a letter of intent with Berry Only, Inc. (BRRY), a public company, and engaged the services of an investment banker to undertake a Reverse Take-Over and financing that will result in DelMar becoming a publicly traded company under which BRRY shall change its name to DelMar Pharmaceuticals, Inc.;

B. The investment banker has requested that the Parties amend the Agreement and the Parties have agreed to enter into this Amendment to record the terms on which the Agreement shall be amended, in accordance with Article 11.8 of the Agreement; and

C. All capitalized terms not defined herein have the meaning ascribed thereto in the Purchase and Patent Assignment Agreement dated September 20, 2010.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged) the Parties agree as follows:

1. The Royalty under Article 4.1 of the Agreement shall be reduced to [*]. For clarity, Article 4.1 shall read: "On a Product-by-Product and country-by-country basis, during the applicable Royalty Term, Del Mar will pay Valent royalties based upon the Net Sales by Del Mar and its Affiliates for each product. Subject to Section 4.4, the royalty rate for each Product and on a Product-by-Product basis for Net Sales made by Del Mar and its Affiliates will be [*].

2. The reduction in the royalty under Article 4.1 of the Agreement shall be subject to the following terms and conditions:

A. The Closing of the financing and Reverse Take Over transaction.

B. The issuance of 1,150,000 shares of Berry Only, Inc. (or DelMar Pharmaceuticals, Inc. following the name change) to Valent.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the 21st day of January, 2013, by their duly authorized representatives.

VALENT TECHNOLOGIES, LLC

/s/Dennis Brown
Dennis Brown

DEL MAR PHARMACEUTICALS (BC) LTD.

/s/ Jeffrey Bacha
Jeffrey Bacha, President & CEO

Exhibit 16

January 31, 2013

Office of the Chief Accountant
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Berry Only Inc.

I was previously the independent registered public accounting firm for Berry Only Inc. Under the dates of September 26, 2012 and September 3, 2011, I reported on the financial statements of Berry Only Inc. as of June 30, 2012 and 2011, and for the years ended June 30, 2012 and 2011 and for the period from June 24, 2009 (inception) to June 30, 2012.

Effective January 25, 2013 I was dismissed as the independent registered public accounting firm. I have read B**erry Only I**nc. disclosures included in ***Item 4.01*** "Changes in Registrant's Certifying Accountant" on Berry Only Inc. Form 8-K dated January 26, 2013 to be filed with the Securities and Exchange Commission and I agree with such statements as they pertain to John Kinross-Kennedy.

Very truly yours,

/s/ John Kinross-Kennedy
JOHN KINROSS-KENNEDY

Exhibit 99.1

BERRY ONLY INC.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Expressed in United States Dollars, except where specified otherwise)

SEPTEMBER 30, 2012

BERRY ONLY INC.
PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2012
(Unaudited)
(Expressed in United States Dollars, except where specified otherwise)

Assets	DelMar Pharmaceuticals (BC) Ltd.	Berry Only Inc. Only Inc.	Notes	Pro forma adjustments adjustments	Pro forma consolidated
	$	$		$	$
Current Assets					
Cash and cash equivalents	55,300	609		-	55,909
Taxes and other receivables	12,876	-		-	12,876
Prepaid expenses	91,115	-		-	91,115
	159,291	609		-	159,900
Total assets	159,291	609		-	159,900
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	446,473	2,500	4(a)(iii)	170,000	618,973
Loan payable	262,461	10,454		-	272,915
Related party payables	55,312	-		-	55,312
Derivative liability	354,662	-		-	354,662
	1,118,908	12,954		170,000	1,301,862
Stockholders' Deficiency					
Common stock	1,936,247	3,944	4(a)(i)	(3,944)	17,390
			4(a)(i)	(1,923,257)	
			4(a)(i)	3,250	
			4(a)(ii)	1,150	
Additional paid-in capital	207,406	45,556	4(a)(i)	(45,556)	3,046,263
			4(a)(i)	1,923,257	
			4(a)(i)	(3,250)	
			4(a)(ii)	918,850	
Warrants	313,924	-		-	313,924
Accumulated other comprehensivegain (loss)	1,660	(87)	4(a)(i)	87	1,660
Accumulated deficit	(3,418,854)	(61,758)	4(a)(i)	61,758	(4,521,199)
			4(a)(i)	(12,345)	
			4(a)(ii)	(920,000)	
			4(a)(iii)	(170,000)	
	(959,617)	(12,345)		(170,000)	(1,141,962)
	159,291	609		-	159,900

The accompanying notes are integral part of these Pro Forma Consolidated Financial Statements.

BERRY ONLY INC.
PRO FORMA CONSOLIDATED STATEMENT OF LOSS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(Unaudited)
(Expressed in United States Dollars, except where specified otherwise)

	DelMar Pharmaceuticals (BC) Ltd.	Berry Only Inc. Only Inc.	Notes	Pro forma adjustments adjustments	Pro forma consolidated
Expenses	$	**$**		$	$
Research and development	1,217,021	-			1,217,021
General and administrative	781,324	8,266			789,590
	1,998,345	8,266			2,006,611
Loss from operations	(1,998,345)	(8,266)			(2,006,611)
Other income (loss)					
Foreign exchange (loss) gain	26,891	-			26,891
Interest expense	(5,630)	-			(5,630)
Loss from continuing operations before nonrecurring charges or credits directly attributable to the transaction	**(1,977,084)**	**(8,266)**			**(1,985,350)**
Pro forma weighted average number of shares outstanding - basic and diluted					**17,687,835**
Pro forma adjusted loss per share - basic and diluted					**$ (0.11)**

The accompanying notes are integral part of these Pro Forma Consolidated Financial Statements.

BERRY ONLY INC.
PRO FORMA CONSOLIDATED STATEMENT OF LOSS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)
(Expressed in United States Dollars, except where specified otherwise)

	DelMar Pharmaceuticals (BC) Ltd.	Berry Only Inc. Only Inc.	Notes	Pro forma adjustments adjustments	Pro forma consolidated
Expenses	$	**$**		$	$
Research and development	1,051,139	-			1,051,139
General and administrative	241,802	25,432			267,234
	1,292,941	25,432			1,318,373
Loss from operations	(1,292,941)	(25,432)			(1,318,373)
Other income (loss)					
Foreign exchange (loss) gain	(18,137)	-			(18,137)
Interest expense	(21,933)	-			(21,933)
Loss from continuing operations before nonrecurring charges or credits directly attributable to the transaction	**(1,333,011)**	**(25,432)**			**(1,358,443)**
Pro forma weighted average number of shares outstanding - basic and diluted					**12,927,466**
Pro forma adjusted loss per share - basic and diluted					**$ (0.11)**

The accompanying notes are integral part of these pro-forma consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated balance sheet as at September 30, 2012 and the unaudited pro forma consolidated statements of loss for the nine-month period ended September 30, 2012 and the year ended December 31, 2011 (the "Pro Forma Consolidated Financial Statements") of Berry Only Inc. ("Berry") have been prepared by management on the basis of United States Generally Accepted Accounting Principles ("US GAAP") and in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC") from information derived from the financial statements of Berry and the financial statements of DelMar Pharmaceuticals (BC) Ltd. ("DelMar"). The unaudited Pro Forma Consolidated Financial Statements have been prepared for inclusion in the Form 8-K in conjunction with the proposed acquisition of 100% of the issued and outstanding capital stock of DelMar (the "Acquisition").

The unaudited pro forma consolidated balance sheet as at September 30, 2012 gives effect to the acquisition of DelMar by Berry as if it had occurred on September 30, 2012. The unaudited pro forma consolidated statements of loss for the nine months ended September 30, 2012 and for the year ended December 31, 2011 give effect to the Acquisition as if it had occurred on January 1, 2011.

The unaudited Pro Forma Consolidated Financial Statements have been derived from:

a) the unaudited condensed interim financial statements of Berry for three months ended September 30, 2012
b) the audited financial statements of Berry for the year ended June 30, 2012
c) the unaudited condensed interim financial statements of Berry for the six month period ended December 31, 2011
d) the unaudited condensed interim financial statements of Berry for the six month period ended December 31, 2010
e) the unaudited condensed interim financial statements of DelMar for nine month period ended September 30, 2012
f) the audited financial statements of DelMar for the year ended December 31, 2011.

The unaudited pro forma adjustments are based on currently available information and certain assumptions that management believes are reasonable. The unaudited Pro Forma Consolidated Financial Statements should be read in conjunction with the selected historical financial information and related financial statements and accompanying footnotes of DelMar and Berry. The unaudited Pro Forma Consolidated Financial Statements are for informational purposes only and do not purport to reflect the financial position or results of operations that would have occurred if the Acquisition had been consummated on the dates indicated above; nor do they purport to represent or be indicative of the financial position or results of operations of Berry for any future dates or periods. Unless otherwise stated, all amounts presented in these unaudited Pro Forma Consolidated Financial Statements are in U.S. dollars.

In accordance with U.S. GAAP, the Acquisition will be accounted for as a reverse recapitalization, equivalent to the issuance of common shares by DelMar for the net monetary assets of Berry accompanied by a re-capitalization. The transaction is a purchase of a group of assets that does not constitute a business. Berry will be the legal acquirer but, for accounting purposes, DelMar will be treated as the accounting acquirer. DelMar will record Berry's

1. BASIS OF PRESENTATION (continued)

assets acquired and liabilities assumed upon the consummation of the Acquisition at fair value. The final fair values allocated to the various Berry assets and liabilities as a result of the Acquisition will differ from those values presented in the unaudited Pro Forma Consolidated Financial Statements, and such differences could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited pro forma consolidated financial statements are those set out in DelMar's audited financial statements as at December 31, 2011 and DelMar's unaudited condensed interim financial statements for the nine months ended September 30, 2012. Management has determined that no material adjustments are necessary to conform Berry's financial statements to the accounting policies used by DelMar in the preparation of these Pro Forma Consolidated Financial Statements

3. DESCRIPTION OF THE TRANSACTION

a) Description of the Transaction

On January 25, 2013 DelMar entered into and closed an Exchange Agreement with Berry (Berry was subsequently renamed DelMar Pharmaceuticals, Inc.) for the acquisition of 100% of the outstanding common shares of DelMar by Berry (the "Acquisition"). The Exchange Agreement was executed simultaneously with the Private Offering (Refer to Note 3b).

Pursuant to the Exchange Agreement, each shareholder of DelMar may receive either one common share of Berry or one share of Exchange Co. per DelMar common share held. The Exchange Co. common shares are exchangeable into shares of Berry on a one-for-one basis. The common shares of Exchange Co. will have voting rights such that all current shareholders of DelMar will have equal voting rights in Berry after the Acquisition.

Pursuant to the Acquisition Berry will acquire DelMar by issuing a sufficient number of shares such that the shareholders of DelMar will have a controlling interest in Berry subsequent to the completion of the transaction.

As a result of the shareholders of DelMar having a controlling interest in Berry subsequent to the Acquisition, for accounting purposes the transaction constitutes a reverse recapitalization with DelMar being the accounting acquirer even though legally DelMar is the acquiree. Therefore, the net assets of the Berry are recorded at fair value at the date of the transaction. No goodwill is recorded with respect to the transaction as it does not constitute a business combination.

The fair value of the assets and liabilities of Berry as at September 30, 2012 are as follows:

Cash	$ 609
Accounts payable and accrued liabilities	(2,500)
Loan payable	(10,454)
	$ (12,345)

Simultaneous with the Acquisition, Valent Technologies, LLC ("Valent") will be issued 1,150,000 common shares of Berry in exchange for Valent reducing certain royalties under its agreement with DelMar.

i) Warrants

As at September 30, 2012 DelMar had 3,360,000 share purchase warrants outstanding. Of the total outstanding warrants, 2,410,000 are accounted for as derivative liabilities, with the remaining 950,000 accounted for as equity instruments. Pursuant to the terms of the Acquisition, each of the outstanding DelMar warrants shall be deemed to be amended such that each DelMar warrant will entitle the holder to acquire one Berry common share at the original terms, including exercise price and expiry dates.

a) Description of the Transaction (continued)

ii) Stock Options

As at September 30, 2012 DelMar had 1,020,000 stock options outstanding. Pursuant to the terms of the Acquisition, each of the outstanding DelMar options shall be deemed to be amended such that each DelMar option will entitle the holder to acquire one Berry common share at the original terms, including exercise price, vesting conditions and expiry dates.

3. DESCRIPTION OF THE TRANSACTION (continued)

b) Concurrent Offering

In connection with the Exchange Agreement, on January 25, 2013 Berry entered into and closed a series of subscription agreements with accredited investors (the "Investors"), pursuant to which Berry sold an aggregate of 6,704,938 Units at a purchase price of $0.80 per Unit, for aggregate gross proceeds of $5,363,950 (the "Private Offering"). Each Unit consists of one share of common stock and one five-year warrant (the "Investor Warrants") to purchase one share of common stock at an exercise price of $0.80. The exercise price of the Investor Warrants is subject to adjustment and are redeemable under certain circumstances.

Charles Vista, LLC (the "Placement Agent") was retained as the placement agent for the Private Offering. The Placement Agent was paid a cash fee of $536,395 (equal to 10% of the gross proceeds), a non-accountable expense allowance of $160,918 (equal to 3% of the gross proceeds), and a consulting fee of $60,000. In addition, the Company issued to the Placement Agent five-year warrants (the "Placement Agent Warrants) to purchase 2,681,975 shares of common stock (equal to 20% of the shares of common stock (i) included as part of the Units sold in the Private Offering and (ii) issuable upon exercise of the Investor Warrants) at an exercise price of $0.80, exercisable on a cash or cashless basis. The Company has agreed to engage the Placement Agent as its warrant solicitation agent in the event the Investor Warrants are called for redemption and will pay a warrant solicitation fee to the Placement Agent equal to 5% of the amount of funds solicited by the Placement Agent upon the exercise of the Investor Warrants following such redemption.

Additionally, other costs of $80,000 are expected to be incurred to complete the offering.

The Private Offering has not been included in the unaudited Pro Forma Consolidated Financial Statements as the proceeds from the offering will not be used for purposes of the reverse recapitalization and the proceeds are not supported by a firm commitment underwriting.

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited Pro Forma Consolidated Financial Statements are presented as if all shares of DelMar have been exchanged for Berry common shares at the date of the Acquisition.

a) The unaudited pro forma consolidated balance sheet as at September 30, 2012 reflects the following adjustments, which are directly attributable to the Acquisition, as if the Acquisition had occurred on September 30, 2012:

i) To eliminate the book value of Berry's equity accounts and to adjust outstanding common shares to their par value.

ii) The issuance of 1,150,000 common shares to Valent has been recognized as an increase to common stock of $1,150 and an increase to additional paid-in capital of $918,850. A charge of $920,000 was recognized as a research and development expense upon the issuance of the common shares and is not included in the year ended December 31, 2011 consolidated statement of loss and the nine months ended September 30, 2012 consolidated statement of loss due to its non-recurring nature.

iii) To record estimated transaction costs related to the Acquisition of $170,000.

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

b) The unaudited pro forma consolidated statement of loss for the nine months ended September 30, 2012 and the year ended December 31, 2011 is prepared as if the Acquisition had occurred on January 1, 2011. The Company does not anticipate any income or expense adjustments directly attributable to the Acquisition other than the following which are non-recurring in nature and thus have not been reflected as pro forma adjustments in the unaudited pro forma consolidated statement of loss:

- The research and development cost of $920,000 upon the issuance of common shares to Valent in exchange for a reduction of certain future royalties
- Transactions costs of $170,000

c) The unaudited Pro Forma Consolidated Financial Statements do not reflect the gross proceeds of a concurrent unit offering of $5,363,950 as the proceeds were not used for consummation of the Acquisition and were not supported by a firm commitment underwriting.

5. PRO FORMA COMMON STOCK

Pro forma common stock as at September 30, 2012 has been determined as follows:

	September 30, 2012	
	Common Shares	Amount ($)
Common stock of DelMar at September 30, 2012	12,990,000	1,936,247
Adjustment to par value	-	(1,923,257)
Shares held by Berry shareholders	3,250,000	3,250
Shares issued to Valent	1,150,000	1,150
Pro forma common stock at September 30, 2012	17,390,000	17,390

6. PRO FORMA LOSS PER SHARE

Pro forma loss per share has been determined as follows:

	Nine months ended September 30, 2012	Year ended December 31, 2011
Weighted average number of DelMar common shares	13,287,835	8,527,466
Deemed shares held by Berry shareholders	3,250,000	3,250,000
Shares issued to Valent	1,150,000	1,150,000
Pro forma weighted average number of shares outstanding - basic and diluted	17,687,835	12,927,466
Pro forma adjusted net loss	$ (1,985,350)	$ (1,358,443)
Pro forma adjusted loss per share - basic and diulted	$ (0.11)	$ (0.11)