

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-37823

DelMar Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Nevada _____ (State or other jurisdiction of incorporation or organization)	99-0360497 _____ (I.R.S. Employer Identification No.)
Suite 720-999 West Broadway Vancouver, British Columbia, Canada _____ (Address of principal executive offices)	V5Z 1K5 _____ (zip code)

(604) 629-5989

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes  No

Indicated the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, 22,012,237 shares of common stock are issued and outstanding as of May 14, 2018.

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**PART 1. - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**DelMar Pharmaceuticals, Inc.**

Consolidated Condensed Interim Financial Statements  
(Unaudited)  
**For the nine months ended March 31, 2018**  
(expressed in US dollars unless otherwise noted)

**DelMar Pharmaceuticals, Inc.**  
Consolidated Condensed Interim Balance Sheets  
(Unaudited)

(expressed in US dollars unless otherwise noted)

	<b>Note</b>	<b>March 31, 2018 \$</b>	<b>June 30, 2017 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		8,506,922	6,586,014
Prepaid expenses and deposits		1,072,829	1,208,122
Interest, taxes and other receivables		62,017	76,595
		<u>9,641,768</u>	<u>7,870,731</u>
Intangible assets - net		35,070	40,290
		<u>9,676,838</u>	<u>7,911,021</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,890,946	1,182,312
Related party payables	4	122,773	88,957
Current portion of derivative liability	5	5	33,091
		<u>2,013,724</u>	<u>1,304,360</u>
<b>Derivative liability</b>	5	<u>3,384</u>	<u>28,137</u>
		<u>2,017,108</u>	<u>1,332,497</u>
<b>Stockholders' accumulated equity</b>			
<b>Preferred stock</b>			
Authorized			
5,000,000 shares, \$0.001 par value			
Issued and outstanding			
278,530 Series A shares at March 31, 2018 (June 30, 2017 – 278,530)	3, 6	278,530	278,530
881,113 Series B shares at March 31, 2018 (June 30, 2017 – 881,113)	6	6,146,880	6,146,880
1 special voting share at March 31, 2018 (June 30, 2017 – 1)		-	-
<b>Common stock</b>			
Authorized			
50,000,000 shares, \$0.001 par value			
22,912,510 issued at March 31, 2018 (June 30, 2017 – 14,509,633)	6	22,913	14,510
<b>Additional paid-in capital</b>	6	43,739,819	36,665,285
<b>Warrants</b>	6	7,478,529	4,570,574
<b>Accumulated deficit</b>		(50,028,119)	(41,118,433)
<b>Accumulated other comprehensive income</b>		21,178	21,178
		<u>7,659,730</u>	<u>6,578,524</u>
		<u>9,676,838</u>	<u>7,911,021</u>

**Liquidity risk, nature of operations, and corporate history** (note 1)

**Subsequent events** (note 9)

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

**DelMar Pharmaceuticals, Inc.**Consolidated Condensed Interim Statement of Loss and Comprehensive Loss  
(Unaudited)

(expressed in US dollars unless otherwise noted)

	Note	Three months ended March 31, 2018 \$	Three months ended March 31, 2017 \$	Nine months ended March 31, 2018 \$	Nine months ended March 31, 2017 \$
<b>Expenses</b>					
Research and development	4	1,779,609	1,086,107	5,856,197	2,939,746
General and administrative	4	1,155,038	698,125	2,911,538	2,586,050
		<u>2,934,647</u>	<u>1,784,232</u>	<u>8,767,735</u>	<u>5,525,796</u>
<b>Other loss (income)</b>					
Change in fair value of stock option and derivative liabilities	5, 6	(2,160)	77,479	(57,839)	(58,501)
Foreign exchange loss		6,420	6,897	57,406	13,726
Interest income		(5,850)	(148)	(6,241)	(249)
		<u>(1,590)</u>	<u>84,228</u>	<u>(6,674)</u>	<u>(45,024)</u>
<b>Net and comprehensive loss for the period</b>		<u>2,933,057</u>	<u>1,868,460</u>	<u>8,761,061</u>	<u>5,480,772</u>
<b>Computation of basic loss per share</b>					
Net and comprehensive loss for the period		2,933,057	1,868,460	8,761,061	5,480,772
Series B Preferred stock dividend		46,626	209,811	142,358	676,865
<b>Net and comprehensive loss available to common stockholders</b>		<u>2,979,683</u>	<u>2,078,271</u>	<u>8,903,419</u>	<u>6,157,637</u>
<b>Basic and fully diluted loss per share</b>		<u>0.13</u>	<u>0.18</u>	<u>0.44</u>	<u>0.54</u>
<b>Basic weighted average number of shares</b>		<u>22,832,445</u>	<u>11,574,052</u>	<u>20,179,765</u>	<u>11,432,376</u>

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

**DelMar Pharmaceuticals, Inc.**Consolidated Condensed Interim Statement of Cash Flows  
(Unaudited)

(expressed in US dollars unless otherwise noted)

	Note	Nine months ended March 31,	
		2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Loss for the period		(8,761,061)	(5,480,772)
Items not affecting cash			
Amortization of intangible assets		17,869	11,574
Change in fair value of stock option and derivative liabilities	5,6	(57,839)	(58,501)
Shares issued for services	6	4,821	564,000
Warrants issued for services	6	155,204	80,421
Stock option expense	6	430,673	106,571
<b>Changes in non-cash working capital</b>			
Interest, taxes and other receivables		14,578	(52,174)
Prepaid expenses		135,293	24,355
Accounts payable and accrued liabilities		708,634	207,803
Related party payables	4	33,816	26,815
		<u>(7,318,012)</u>	<u>(4,569,908)</u>
<b>Cash flows from investing activities</b>			
Intangible assets – website development costs		(12,649)	-
		<u>(12,649)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Net proceeds from the issuance of shares and warrants	6	8,945,336	-
Proceeds from the exercise of warrants	6	312,500	545,022
Series A preferred stock dividend	6	(6,267)	(6,267)
Deferred costs	6	-	(25,705)
		<u>9,251,569</u>	<u>513,050</u>
<b>Increase (decrease) in cash and cash equivalents</b>		<u>1,920,908</u>	<u>(4,056,858)</u>
<b>Cash and cash equivalents - beginning of period</b>		<u>6,586,014</u>	<u>6,157,264</u>
<b>Cash and cash equivalents - end of period</b>		<u><u>8,506,922</u></u>	<u><u>2,100,406</u></u>

**Supplementary information (note 8)**

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

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

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(expressed in US dollars unless otherwise noted)

**1 Liquidity risk, nature of operations, and corporate history****Liquidity risk**

For the nine months ended March 31, 2018, the Company reported a loss of \$8,761,061 and the Company had an accumulated deficit of \$50,028,119 at that date. As at March 31, 2018, the Company had cash and cash equivalents on hand of \$8,506,922. During the nine months ended March 31, 2018, the Company received \$8,945,336 in net proceeds from a registered direct offering. Management believes, based on management's current estimates, that the Company will be able to fund its operations beyond the next twelve months.

The Company does not have the prospect of achieving revenues in the near future and the Company will require additional funding for its clinical trials, to maintain its research and development projects, and for general operations. There is a great degree of uncertainty with respect to the expenses the Company will incur in executing its business plan. Consequently, management continually evaluates various financing alternatives to fund the Company's operations so it can continue as a going concern in the medium to longer term.

There is no assurance that management's cost estimates will prove to be accurate or that unforeseen events, problems or delays will not occur with respect thereto. The ability of the Company to meet its obligations and continue the research and development of its product candidate beyond the next twelve months is dependent on its ability to continue to raise adequate financing. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. The Company may tailor its drug candidate development program based on the amount of funding the Company raises.

**Nature of operations**

The Company is a clinical stage drug development company with a focus on the treatment of cancer. DelMar is conducting clinical trials in the United States with VAL-083 as a potential new treatment for glioblastoma multiforme, the most common and aggressive form of brain cancer. The Company has also acquired certain commercial rights to VAL-083 in China where it is approved as a chemotherapy for the treatment of chronic myelogenous leukemia and lung cancer. In order to accelerate development timelines, DelMar leverages existing clinical and commercial data from a wide range of sources. The Company may seek marketing partnerships to potentially generate future royalty revenue.

The address of the Company's administrative offices is Suite 720 - 999 West Broadway, Vancouver, British Columbia, V5Z 1K5 with clinical operations located at 3485 Edison Way, Suite R, Menlo Park, California, 94025.

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

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(expressed in US dollars unless otherwise noted)

**Corporate history**

The Company is a Nevada corporation formed on June 24, 2009 under the name Berry Only, Inc. On January 25, 2013, the Company entered into and closed an exchange agreement (the "Exchange Agreement"), with Del Mar Pharmaceuticals (BC) Ltd. ("Del Mar (BC)"), 0959454 B.C. Ltd. ("Callco"), and 0959456 B.C. Ltd. ("Exchangeco") and the security holders of Del Mar (BC). Upon completion of the Exchange Agreement, Del Mar (BC) became a wholly-owned subsidiary of the Company (the "Reverse Acquisition").

DelMar Pharmaceuticals, Inc. is the parent company of Del Mar (BC), a British Columbia, Canada corporation incorporated on April 6, 2010, which is a clinical stage company with a focus on the development of drugs for the treatment of cancer. The Company is also the parent company to Callco and Exchangeco which are British Columbia, Canada corporations. Callco and Exchangeco were formed to facilitate the Reverse Acquisition.

References to the Company refer to the Company and its wholly-owned subsidiaries, Del Mar (BC), Callco and Exchangeco.

**2 Significant accounting policies****Basis of presentation**

The consolidated condensed interim financial statements of the Company have been prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and are presented in United States dollars. The functional currency of the Company and each of its subsidiaries is the United States dollar.

The accompanying consolidated condensed interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Del Mar BC, Callco, and Exchangeco. All intercompany balances and transactions have been eliminated.

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 March 31, 2018 consolidated condensed interim balance sheet, the consolidated condensed interim statements of loss and comprehensive loss for the three and nine months ended March 31, 2018 and 2017, and consolidated condensed cash flows for the nine months ended March 31, 2018 and 2017, and the related interim information contained within the notes to the consolidated condensed interim 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 U.S. GAAP for complete financial statements. These consolidated condensed interim financial statements should be read in conjunction with the audited financial statements of the Company as at June 30, 2017 included in the Company's Form 10-K filed with the Securities and Exchange Commission on September 27, 2017. In the opinion of management, the unaudited consolidated condensed interim financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair statement of the Company's financial position at March 31, 2018 and results of its operations for the three and nine months ended March 31, 2018 and 2017, and its cash flows for the nine months ended March 31, 2018 and 2017. The results for nine months ended March 31, 2018 are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2018 or for any other future annual or interim period.



**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

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(expressed in US dollars unless otherwise noted)

**Use of estimates**

The preparation of consolidated condensed interim financial statements in conformity with U.S. GAAP 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 of, or during, the reporting period. Actual results could significantly differ from those estimates. Significant areas requiring management to make estimates include the derivative liability, the valuation of equity instruments issued for services, and clinical trial accruals. There have been no changes to the methodology used in determining these estimates from the fiscal year ended June 30, 2017.

**Loss per share**

Loss per share is calculated based on the weighted average number of common shares outstanding. For the three and nine month periods ended March 31, 2018 and 2017 diluted loss per share does not differ from basic loss per share since the effect of the Company's warrants, stock options, and convertible Series B Preferred stock are anti-dilutive. At March 31, 2018, potential common shares of 14,281,275 (2017 – 4,413,520) relating to warrants, 1,720,850 (2017 – 1,120,850) relating to stock options, and 2,202,792 (2017 – 2,218,417) relating to the Series B convertible preferred stock were excluded from the calculation of net loss per common share because their inclusion would be anti-dilutive.

**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.

Accounting Standards Update ("ASU") 2017-11 — *I. Accounting for Certain Financial Instruments with Down Round Features, II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Non-public Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*

The amendments in this update are intended to reduce the complexity associated with the accounting for certain financial instruments with characteristics of liabilities and equity. Specifically, a down round feature would no longer cause a freestanding equity-linked financial instrument (or an embedded conversion option) to be accounted for as a derivative liability at fair value with changes in fair value recognized in current earnings. In addition, the indefinite deferral of certain provisions of Topic 480 have been re-characterized to a scope exception. The re-characterization has no accounting effect. ASU 2017-11 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of this standard. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

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(expressed in US dollars unless otherwise noted)

*ASU 2016-09 — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.*

The amendments in this update change existing guidance related to accounting for employee share-based payments affecting the income tax consequences of awards, classification of awards as equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual periods, with early adoption permitted. The Company has adopted this standard as of its September 30, 2017 quarter end.

*ASU 2016-02 — Leases (Topic 842).*

The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the consolidated balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the potential impact of the adoption of this standard.

*ASU 2016-01 — Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.*

The updated guidance enhances the reporting model for financial instruments and requires entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and the separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements. The guidance is effective for annual and interim reporting periods beginning after December 15, 2017. The Company is currently evaluating the potential impact of the adoption of this standard.

**3 Valent Technologies, LLC**

On September 30, 2014, the Company entered into an exchange agreement (the “Valent Exchange Agreement”) with Valent Technologies, LLC (“Valent”), an entity owned by Dr. Dennis Brown, the Company’s Chief Scientific Officer, and Del Mar (BC). Pursuant to the Valent Exchange Agreement, Valent exchanged its loan payable in the outstanding amount of \$278,530 (including aggregate accrued interest to September 30, 2014 of \$28,530), issued to Valent by Del Mar (BC), for 278,530 shares of the Company’s Series A Preferred Stock. The Series A Preferred Stock has a stated value of \$1.00 per share (the “Series A Stated Value”) and is not convertible into common stock. The holder of the Series A Preferred Stock is entitled to dividends at the rate of 3% of the Series A Stated Value per year, payable quarterly in arrears.

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

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(expressed in US dollars unless otherwise noted)

**4 Related party transactions**

Pursuant to employment and consulting agreements with the Company's officers the Company recognized a total of \$304,888 (2017 - \$162,500) in expenses for the three months ended March 31, 2018 and \$674,055 (2017 - \$557,500) for the nine months ended March 31, 2018. In addition, for the nine months ended March 31, 2018, the Company recognized a total of \$311,683 relating to the settlement agreement with the Company's former President and Chief Operating Officer. Amounts owed to related parties, including to the Company's former President and Chief Operating Officer, are non-interest bearing and payable on demand.

The Company recognized \$45,000 (2017 - \$44,500) in directors' fees during the three months ended March 31, 2018 and \$141,250 (2017 - \$126,500) during the nine months ended March 31, 2018.

As part of the Series B preferred stock dividend (note 6), the Company issued 1,511 (2017 - 1,511) shares of common stock to officers and directors of the Company and recognized an amount of \$1,420 (2017 - \$6,346) for the three months ended March 31, 2018. For the nine months ended March 31, 2018, the Company issued 4,533 (2017 - 4,533) shares of common stock and recognized \$4,336 (2017 - \$20,306). All of the dividends have been recognized as a direct increase to deficit.

The Company recorded \$2,089 (2017 - \$2,089) in dividends related to the Series A preferred stock issued to Valent (note 3) for the three months ended March 31, 2018 and \$6,267 (2017 - \$6,267) for the nine months ended March 31, 2018. The dividends have been recorded as a direct increase in accumulated deficit.

During the nine months ended March 31, 2018, the Company granted a total of 180,000 stock options to the Company's independent directors. The stock options are exercisable at a price of \$2.11 and have a term of 10 years. One-third of the options vest on June 30, 2018 and 15,000 options vest on a quarterly basis thereafter commencing September 30, 2018. In addition, during the nine months ended March 31, 2018, the Company granted 120,000 stock options at an exercise price of \$0.87 to its Interim President and Chief Executive Officer. The stock options have a term of 10 years and vest pro rata monthly during the year following grant. The Company also modified certain stock options held by its former President and Chief Operating Officer (note 6).

During the nine months ended March 31, 2017, the Company issued 224,600 stock options to officers of the Company at an exercise price of \$4.95. The stock options vest pro rata on a monthly basis over 36 months and expire on February 17, 2027.

**5 Derivative liability**

The Company has issued common stock purchase warrants. Based on the terms of certain of these warrants the Company 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 each reporting period with the changes in fair value recorded in the consolidated condensed interim statement of loss and comprehensive loss.

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

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(expressed in US dollars unless otherwise noted)

***2013 Investor Warrants***

During the quarter ended March 31, 2013, the Company issued an aggregate of 3,281,250 units at a purchase price of \$3.20 per unit, for aggregate gross proceeds of \$10,500,000 (the "Private Offering"). Each unit consisted of one share of common stock and one five-year warrant (the "2013 Investor Warrants") to purchase one share of common stock at an initial exercise price of \$3.20. The exercise price of the 2013 Investor Warrants is subject to adjustment in the event that the Company issues common stock at a price lower than the exercise price, subject to certain exceptions. The 2013 Investor Warrants are redeemable by the Company at a price of \$0.004 per 2013 Investor 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 \$6.40 per share with an average trading volume of 50,000 shares per day, and (ii) the underlying shares of common stock are registered for resale.

As a result of the financing completed by the Company during the three months ended September 30, 2015, the exercise price of all of the 2013 Investor Warrants was reduced from \$3.20 to \$3.14. As a result of the financing completed by the Company during the three months ended September 30, 2017, the exercise price of certain of the 2013 Investor Warrants was further reduced from \$3.14 to \$2.68. The change in exercise price did not result in a material change in the fair value of the derivative liability. All of the 2013 Investor Warrants giving rise to their respective portion of the derivative liability have expired as of March 31, 2018. As a result, they are no longer accounted for as a derivative liability.

**2013 Investor Warrant exercises**

During the nine months ended March 31, 2017, 65,095 of the 2013 Investor Warrants were exercised for 65,095 shares of common stock at an exercise price of \$3.14 per share. The Company received proceeds of \$204,659 from these exercises. The 2013 Investor Warrants that have been exercised were revalued at their respective exercise dates and then the reclassification to equity was recorded resulting in \$238,474 of the derivative liability being reclassified to equity.

There were no exercises of 2013 Investor Warrants during the three or nine months ended March 31, 2018 nor the three months ended March 31, 2017.

**2013 Investor Warrant amendments**

During the year ended June 30, 2016, the Company entered into amendments (the "2013 Investor Warrant Amendments") with the holders of certain of the 2013 Investor Warrants to extend the expiration date to March 31, 2019 and remove the provision requiring an adjustment of the warrant exercise price in the event the Company sells common stock at a purchase price lower than the current warrant exercise price.

During the nine months ended March 31, 2017, 15,944 of the 2013 Investor Warrants were amended. The warrants that have been amended were revalued at their respective amendment dates and then the reclassification to equity was recorded resulting in \$53,006 of the derivative liability being reclassified to equity.

There were no amendments of the 2013 Investor Warrants during the three months or nine months ended March 31, 2018 nor during the three months ended March 31, 2017.

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

(expressed in US dollars unless otherwise noted)

**2015 Agent Warrants**

As part of a financing completed by the Company in a prior period, the Company issued warrants to purchase 23,477 shares of common stock to certain placement agents ("2015 Agent Warrants") and recognized them as a derivative liability of \$29,594 at the time of issuance. The 2015 Agent Warrants are exercisable at a per share price equal to \$3.00 until July 15, 2020. During the nine months ended March 31, 2017, 680 of the 2015 Agent Warrants were exercised for cash proceeds of \$2,040 and 1,000 of the 2015 Agent Warrants were exercised on a cashless basis for 594 shares of common stock. The total reclassification to equity subsequent to revaluation at the respective exercise dates was \$9,935.

There were no exercises of the 2015 Agent Warrants during the three and nine months ended March 31, 2018 nor the three months ended March 31, 2017.

The Company's derivative liability is summarized as follows:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	5,549	171,211
Change in fair value of warrants	<u>(2,160)</u>	<u>77,479</u>
<b>Closing balance</b>	3,389	248,690
Less current portion	<u>(5)</u>	<u>(157,145)</u>
<b>Long term portion</b>	<u>3,384</u>	<u>91,545</u>

	<b>Nine months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	61,228	693,700
Change in fair value of warrants	(57,839)	(143,595)
Reclassification to equity upon amendment of warrants	-	(53,006)
Reclassification to equity upon exercise of warrants	<u>-</u>	<u>(248,409)</u>
<b>Closing balance</b>	3,389	248,690
Less current portion	<u>(5)</u>	<u>(157,145)</u>
<b>Long term portion</b>	<u>3,384</u>	<u>91,545</u>

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

March 31, 2018

(expressed in US dollars unless otherwise noted)

The derivative liability consists of the following warrants:

	<b>March 31, 2018</b>	
	<b>Number of</b>	
	<b>warrants</b>	<b>\$</b>
Warrants issued for services	43,750	5
2015 Agent Warrants	21,768	3,384
<b>Closing balance</b>	65,518	3,389
Less current portion	(43,750)	(5)
<b>Long-term portion</b>	<u>21,768</u>	<u>3,384</u>

**6 Stockholders' equity****Preferred stock***Authorized*

5,000,000 preferred shares, \$0.001 par value

*Issued and outstanding*

Special voting shares – at March 31, 2018 – 1 (June 30, 2017 – 1)

Series A shares – at March 31, 2018 – 278,530 (June 30, 2017 – 278,530)

Series B shares – at March 31, 2018 – 881,113 (June 30, 2017 – 881,113)

Series B Preferred Shares

During the year ended June 30, 2016, the Company completed a financing whereby it issued an aggregate of 902,238 shares of Series B Preferred Stock at a purchase price of \$8.00 per share. Each share of Series B Preferred Stock is convertible into 2.5 shares of common stock equating to a conversion price of \$3.20 (the "Conversion Price") and will automatically convert to common stock at the earlier of 24 hours following regulatory approval of VAL-083 with a minimum closing bid price of \$8.00 or five years from the final closing date. The holders of the Series B Preferred Stock are entitled to an annual cumulative, in arrears, dividend at the rate of 9% payable quarterly. The 9% dividend accrues quarterly commencing on the date of issue and is payable quarterly on September 30, December 31, March 31, and June 30 of each year commencing on June 30, 2016. Dividends are payable solely by delivery of shares of common stock (the "PIK Shares"), in an amount for each holder equal to the aggregate dividend payable to such holder with respect to the shares of Series B Preferred Stock held by such holder divided by the Conversion Price. The Series B Preferred Stock does not contain any repricing features.

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In addition, the Company and the Series B Preferred Stock holders entered into a royalty agreement, pursuant to which the Company will pay the holders of the Series B Preferred Stock, in aggregate, a low, single-digit royalty based on their pro rata ownership of the Series B Preferred Stock on products sold directly by the Company or sold pursuant to a licensing or partnering arrangement (the "Royalty Agreement").

Upon conversion of a holder's Series B Preferred Stock to common stock, such holder shall no longer receive ongoing royalty payments under the Royalty Agreement but will be entitled to receive any residual royalty payments that have vested. Rights to the royalties shall vest during the first three years following the applicable closing date, in equal thirds to holders of the Series B Preferred Stock on each of the three vesting dates, upon which vesting dates such royalty amounts shall become "Vested Royalties".

Pursuant to the Series B Preferred Stock dividend, during the three months ended March 31, 2018, the Company issued 49,602 (2017 – 49,955) shares of common stock and recognized a total dividend of \$46,626 (2017 – \$209,811). During the nine months ended March 31, 2018, the Company issued 148,806 (2017 – 150,844) shares of common stock and recognized a total of dividend \$142,358 (2017 – \$676,865). All dividends have been recognized as a direct increase in accumulated deficit.

A total of 881,113 (2017 – 887,363) shares of Series B Preferred Stock are outstanding as of March 31, 2018, such that a total of 2,202,792 (2017 – 2,218,417) shares of common stock are issuable upon conversion of the Series B Preferred Stock as at March 31, 2018. Converted shares are rounded up to the nearest whole share.

No shares of the Series B Preferred Stock were converted to common stock during the three and nine months ended March 31, 2018. During the three months ended March 31, 2017, a total of 2,500 shares of Series B preferred stock were converted for an aggregate 6,250 shares of common stock and during the nine months ended March 31, 2017, a total of 14,875 shares of Series B preferred stock were converted for an aggregate 37,188 shares of common stock.

Series A Preferred Shares

Effective September 30, 2014, pursuant to the Company's Valent Exchange Agreement (note 3), the Company filed a Certificate of Designation of Series A Preferred Stock (the "Series A Certificate of Designation") with the Secretary of State of Nevada. Pursuant to the Series A Certificate of Designation, the Company designated 278,530 shares of preferred stock as Series A Preferred Stock. The shares of Series A Preferred Stock have a stated value of \$1.00 per share (the "Series A Stated Value") and are not convertible into common stock. The holder of the Series A Preferred Stock is entitled to dividends at the rate of 3% of the Series A Stated Value per year, payable quarterly in arrears. Upon any liquidation of the Company, the holder of the Series A Preferred Stock will be entitled to be paid, out of any assets of the Company available for distribution to stockholders, the Series A Stated Value of the shares of Series A Preferred Stock held by such holder, plus any accrued but unpaid dividends thereon, prior to any payments being made with respect to the common stock.

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**Common stock***Authorized* - 50,000,000 common shares, \$0.001 par value (note 9)*Issued and outstanding* - March 31, 2018 – 22,912,510 (June 30, 2017 – 14,509,633)

	<b>Shares of common stock outstanding</b>	<b>Common stock \$</b>	<b>Additional paid-in capital \$</b>	<b>Warrants \$</b>	<b>Accumulated deficit \$</b>
<b>Balance – June 30, 2017</b>	14,509,633	14,510	36,665,285	4,570,574	(41,118,433)
Issuance of shares and warrants	8,000,000	8,000	6,184,585	2,752,751	-
Warrants exercised for cash	250,000	250	312,250	-	-
Series B Preferred stock dividend	148,806	149	142,209	-	(142,358)
Stock option expense	-	-	430,673	-	-
Warrants issued for services	-	-	-	155,204	-
Shares issued for services	4,071	4	4,817	-	-
Series A Preferred cash dividend	-	-	-	-	(6,267)
Loss for the period	-	-	-	-	(8,761,061)
<b>Balance – March 31, 2018</b>	<u>22,912,510</u>	<u>22,913</u>	<u>43,739,819</u>	<u>7,478,529</u>	<u>(50,028,119)</u>

The issued and outstanding common shares at March 31, 2018 include 932,761 (June 30, 2017 – 982,761) shares of common stock on an as-exchanged basis with respect to the shares of Exchangeco that can be exchanged for shares of common stock of the Company.

Nine months ended March 31, 2018

During the nine months ended March 31, 2018, the Company completed a registered direct offering (the “2018 Registered Offering”) of an aggregate of 8,000,000 shares of common stock and warrants to purchase an additional 8,000,000 shares of common stock at a price of \$1.25 per share and related warrant for gross proceeds of \$10.0 million. The warrants have an exercise price of \$1.25 per share, are immediately exercisable and have a term of exercise of five years (the “2018 Investor Warrants”).

The Company engaged a placement agent for the 2018 Registered Offering. Under the Company’s engagement agreement with the placement agent, the Company paid \$800,000 in cash commission and other fees to the placement agent and issued warrants to purchase 400,000 shares of common stock to the placement agent (the “2018 Agent Warrants”). The 2018 Agent Warrants are exercisable at a per share price of \$1.25 and have a term of exercise of five years.

In addition to the cash commission and other placement agent fees, the Company also incurred additional cash issue costs of \$254,664 resulting in net cash proceeds of \$8,945,336.



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**2017 Omnibus Incentive Plan**

On July 7, 2017, as amended on February 9, 2018, and subject to approval by the Company's stockholders (note 9), the Company's board of directors approved adoption of the Company's 2017 Omnibus Equity Incentive Plan (the "2017 Plan"). The board of directors also approved a form of Performance Stock Unit Award Agreement to be used in connection with grants of performance stock units ("PSUs") under the 2017 Plan. Under the 2017 Plan, 7,800,000 shares of Company common stock are reserved for issuance, less the number of shares of common stock issued under the Del Mar Pharmaceuticals (BC) Ltd. 2013 Amended and Restated Stock Option Plan (the "Legacy Plan") or that are subject to grants of stock options made, or that may be made, under the Legacy Plan. A total of 1,720,850 shares of common stock have been issued under the Legacy Plan and/or are subject to outstanding stock options granted under the Legacy Plan, leaving a potential 6,079,150 shares of common stock available for issuance under the 2017 Plan if all such options under the Legacy Plan were exercised and no new grants are made under the Legacy Plan. The number of shares of Company common stock available for issuance under the 2017 Plan has been set at approximately 20% of the Company's fully diluted shares of common stock as of February 9, 2018 (excluding the number of shares of common stock issued under the 2017 Plan and/or the Legacy Plan or subject to outstanding awards granted under the 2017 Plan and/or the Legacy Plan). The maximum number of shares of Company common stock with respect to which any one participant may be granted awards during any calendar year is 8% of the Company's fully diluted shares of common stock on the date of grant (excluding the number of shares of common stock issued under the 2017 Plan and/or the Legacy Plan or subject to outstanding awards granted under the 2017 Plan and/or the Legacy Plan). No award will be granted under the 2017 Plan on or after July 7, 2027, but awards granted prior to that date may extend beyond that date.

**Performance Stock Unit grants**

As subsequently approved by the Company's stockholders on April 11, 2018 (note 9), the Company's board of directors granted a total of 1,000,000 PSUs under the 2017 Plan to the Company's independent directors. In total, the awards represent the right to receive an aggregate of 1,000,000 shares of the Company's common stock upon vesting of the PSU based on targets approved by the Company's board of directors related to the Company's fully diluted market capitalization. The PSUs will vest in full upon the later of one year from the grant date and the Company achieving a fully diluted market capitalization of at least \$500 million for five consecutive business days. The PSUs expire on July 7, 2022.

**Stock Options (granted under the Legacy Plan)**

The following table sets forth the stock options outstanding under the Legacy Plan:

	<b>Number of stock options outstanding</b>	<b>Weighted average exercise price \$</b>
<b>Balance – June 30, 2017</b>	1,120,850	4.18
Granted	<u>600,000</u>	<u>1.39</u>
<b>Balance – March 31, 2018</b>	<u><b>1,720,850</b></u>	<u><b>3.21</b></u>

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The following table summarizes stock options currently outstanding and exercisable at March 31, 2018 under the Legacy Plan:

Exercise price \$	Number Outstanding at March 31, 2018	Weighted average remaining contractual life (years)	Number exercisable at March 31, 2018
0.87	120,000	9.59	40,000
1.17	300,000	4.91	50,000
1.55	25,000	4.17	25,000
2.00	131,250	3.52	131,250
2.11	180,000	9.27	-
2.96	45,000	6.84	45,000
3.20	30,000	7.00	30,000
3.76	45,000	7.86	31,244
4.00	12,500	1.50	12,500
4.10	40,000	8.61	17,776
4.20	412,500	4.81	412,500
4.48	30,000	7.86	20,831
4.95	224,600	6.31	140,907
5.32	80,000	8.10	48,890
6.16	15,000	5.00	15,000
9.20	30,000	5.17	30,000
	1,720,850		1,050,898

Included in the number of stock options outstanding are 25,000 stock options granted at an exercise price of CDN \$2.00. The exercise prices shown in the above table have been converted to \$1.55 using the period ending closing exchange rate. Stock options have been granted to employees and non-employees. The stock options granted to non-employees will be revalued at each reporting date until they have fully vested. The stock options granted during the period, as well as those granted in prior periods but being revalued in the current period, have been valued using a Black-Scholes pricing model using the following assumptions:

	March 31, 2018
Dividend rate	0%
Volatility	78.6% to 87.1%
Risk-free rate	1.90% to 2.71%
Term - years	1.0 to 3.0

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The Company has recognized the following amounts as stock option expense for the periods noted:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Research and development	9,145	117,775	130,546	82,763
General and administrative	128,151	32,179	300,127	23,808
	<u>137,296</u>	<u>149,954</u>	<u>430,673</u>	<u>106,571</u>

All of the stock option expense for the periods ended March 31, 2018 and 2017 has been recognized as additional paid in capital. The aggregate intrinsic value of stock options outstanding at March 31, 2018 was \$8,400 (2017 - \$508,255) and the aggregate intrinsic value of stock options exercisable at March 31, 2018 was \$2,800 (2017 - \$468,674). As of March 31, 2018, there was \$246,244 in unrecognized compensation expense that will be recognized over the next 2.25 years. No stock options granted under the Plan have been exercised to March 31, 2018. Upon the exercise of stock options new shares will be issued.

A summary of status of the Company's unvested stock options under the Legacy Plan is presented below:

	<b>Number of</b>	<b>Weighted</b>	<b>Weighted</b>
	<b>Options</b>	<b>average</b>	<b>average</b>
		<b>exercise</b>	<b>grant date</b>
		<b>price</b>	<b>fair value</b>
		<b>\$</b>	<b>\$</b>
<b>Unvested at June 30, 2017</b>	318,033	4.81	2.57
Granted	600,000	1.39	0.76
Vested	<u>(248,081)</u>	<u>3.46</u>	<u>1.87</u>
<b>Unvested at March 31, 2018</b>	<u>669,952</u>	<u>2.25</u>	<u>1.22</u>

Stock option modification

During the nine months ended March 31, 2018, certain stock options were modified pursuant to a separation agreement with the Company's former President and Chief Operating Officer. A total of 93,600 options had their vesting accelerated such that they became fully vested on December 22, 2017, resulting in additional stock option expense of \$93,777. In addition, a total of 218,600 options were modified such that their remaining exercise period was increased from one year to three years, resulting in additional stock option expense of \$28,561.

**DelMar Pharmaceuticals, Inc.**

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Stock option liability

Certain of the Company's stock options have been issued in \$CDN. Of these, a portion were classified as a stock option liability which is revalued at each reporting date. During the nine months ended March 31, 2017, the Company amended 43,750 of these stock options held by five optionees such that the exercise price of the options was adjusted to be denominated in \$USD. No other terms of the stock options were amended. As a result of the amendment, the Company recognized \$85,094 in stock option liability expense and \$260,969 was reclassified to equity during the three months ended September 30, 2016.

**Warrants**

Certain of the Company's warrants have been recognized as a derivative liability (note 5). The following table summarizes changes in the Company's outstanding warrants as of March 31, 2018:

<b>Description</b>	<b>Number</b>
<b>Balance – June 30, 2017</b>	6,628,906
Issuance of 2018 Investor Warrants	8,000,000
Exercise of 2018 Investor Warrants	(250,000)
Issuance of 2018 Agent Warrants	400,000
Warrants issued for services	420,000
Expiry of Dividend Warrants	(812,502)
Expiry of 2013 Investor Warrants	(105,129)
<b>Balance - March 31, 2018</b>	<b><u>14,281,275</u></b>

The following table summarizes the Company's outstanding warrants as of March 31, 2018:

<b>Description</b>	<b>Number</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
2018 Investor	7,750,000	1.25	September 22, 2022
2017 Investor	2,076,924	3.50	April 19, 2022
2015 Investor	979,003	3.00	July 31, 2020
2013 Investor – Amended	778,504	3.14	March 31, 2019
2013 Placement Agent	1,262,500	3.14	June 30, 2019
Issued for services	265,000	3.00	July 1, 2020 to February 1, 2021
Issued for services	60,000	1.78	January 25, 2023
Issued for services	360,000	1.17	February 27, 2023
Issued for services	43,750	7.04	September 12, 2018
Issued for services	41,400	5.93	February 27, 2020
2018 Agent	400,000	1.25	September 20, 2022
2017 Agent	138,462	4.06	April 12, 2022
2016 Agent	103,964	4.00	May 12, 2021
2015 Agent	21,768	3.00	July 15, 2020
	<b><u>14,281,275</u></b>	<b>2.08</b>	

**DelMar Pharmaceuticals, Inc.**

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**7 Financial instruments**

The Company has financial instruments that are measured at fair value. To determine the fair value, the Company uses 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, interest, taxes and other receivables, accounts payable, related party payables and derivative liability. Included in cash equivalents are Company short term investments in money market funds and US treasury notes. The US treasury notes are held to maturity and carried at their amortized cost. The carrying values of cash and cash equivalents, interest, taxes and other receivables, accounts payable and related party payables approximate their fair values due to the immediate or short-term maturity of these financial instruments.

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 these warrants on its balance sheet as a derivative liability which is fair valued at each reporting period subsequent to the initial issuance. The Company has used a simulated probability valuation 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.

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## 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 consolidated 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 consolidated statement of operations and comprehensive loss each reporting period. This is considered to be a Level 3 financial instrument as volatility is considered a level 3 input.

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

<b>Liability</b>	<b>March 31, 2018</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative liability	-	-	\$ 3,389

<b>Liability</b>	<b>June 30, 2017</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative liability	-	-	\$ 61,228

**8 Supplementary statement of cash flows information**

	<b>Nine months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Reclassification of derivative liability to equity upon the exercise of warrants (note 5)	-	248,409
Reclassification of derivative liability to equity upon the amendment of warrants (note 5)	-	53,006
Reclassification of stock option liability to equity upon settlement (note 6)	-	260,969
Series B Preferred share common stock dividend (note 6)	142,358	676,865
Income taxes paid	-	-
Interest paid	-	-

**DelMar Pharmaceuticals, Inc.**

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**9 Subsequent events**

**Approval of the 2017 Plan**

On April 11, 2018, the Company's stockholders approved the Company's 2017 Plan. As a result, the 1,000,000 PSU's previously approved by the board of directors were issued (note 6).

**Issuance of stock options and PSU's**

Subsequent to March 31, 2018, 36,000 stock options and 200,000 PSU's were issued to an independent director of the Company. The PSU's have the same terms as those previously approved by the Company's board of directors (note 6). The stock options are exercisable at a price of \$1.06 and have a term of 10 years. One-third of the options vest on March 31, 2019 and 3,000 options vest on a quarterly basis thereafter commencing June 30, 2019.

**Increase in authorized common stock**

On April 11, 2018, the Company's stockholders approved an increase in the Company's authorized common stock from 50,000,000 shares to 70,000,000 shares and the Company filed an amendment to its Articles of Incorporation, as amended, with the Secretary of State of the State of Nevada to increase the number of authorized shares of common stock from 50,000,000 shares to 70,000,000 shares.

**Series B Preferred Stock conversion**

Subsequent to March 31, 2018, 12,500 shares of Series B Preferred stock were converted into 31,250 shares of common stock.

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

### MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

This Management’s Discussion and Analysis (“MD&A”) contains “forward-looking statements”, within the meaning of the Private Securities Litigation Reform Act of 1995, 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 report. 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 report or to reflect the occurrence of unanticipated events.

You should review the factors and risks we describe under “Risk Factors” in our report on Form 10-K for the year ended June 30, 2017 and the Company’s other filings with the Securities and Exchange Commission (the “SEC”), available at [www.sec.gov](http://www.sec.gov). Actual results may differ materially from any forward-looking statement.

#### Recent Highlights

- In April 2018, at the Annual Meeting of the American Association for Cancer Research (“AACR”), we presented a positive interim update from our ongoing open label Phase 2 clinical trials in MGMT-unmethylated glioblastoma multiforme (“GBM”).
  - In our ongoing Phase 2 clinical trial in MGMT-unmethylated recurrent GBM (“rGBM”), 22 patients with MGMT-unmethylated (Avastin naïve) recurrent GBM have been enrolled through March 31, 2018. We reported that seven of the twenty two patients (32%) had achieved stable disease as their best response. Patients in this trial have rGBM following standard-of-care chemo-radiation treatment with temozolomide. This study was initiated in February 2017 and is designed to enroll up to 48 patients and is being conducted in collaboration with the University of Texas MD Anderson Cancer Center (“MDACC”); and



- In our ongoing Phase 2 trial in MGMT-unmethylated newly diagnosed GBM, four patients have been enrolled in our single site, open label Phase 2 clinical trial of newly diagnosed MGMT-unmethylated GBM patients. Patients in this trial are being treated with VAL-083 in combination with radiotherapy as a potential alternative to the current standard-of-care chemo-radiation regimen. We reported that dose confirming cohorts studying 20 and 30 mg/m<sup>2</sup>/day have been completed and that no dose-limiting toxicities have been reported following treatment with multiple cycles of VAL-083. The next patient enrolled is expected to receive the study target dose of 40mg/m<sup>2</sup>/day. This study was initiated in September 2017, and is designed to enroll up to 30 patients at Sun Yat-sen University Cancer Center in Guangzhou, China and is being conducted under the terms of our collaboration with Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd.
- At the AACR Annual Meeting, we also presented promising research results supporting the potential of VAL-083 in the treatment of cancers for patients whose tumors exhibit features that make them resistant to, or unlikely to respond to, currently available therapies. For example:
  - We presented incremental VAL-083 preclinical data demonstrating that the combination of VAL-083 and PARP inhibitors may be an effective therapeutic approach for the treatment of cancer. The data show that VAL-083 can synergize PARP inhibitors in both a BRCA-proficient and –deficient setting. Multiple PARP inhibitors are currently approved for the treatment of recurrent breast and ovarian cancer; and
  - We presented preclinical data demonstrating that VAL-083, a first-in-class small molecule chemotherapeutic, may be beneficial, either as a single-agent, or as part of combination therapy regimens, for difficult-to-treat, or resistant, pediatric high-grade gliomas, including diffuse intrinsic pontine glioma (“DIPG”). DIPG is a rare, inoperable childhood brain tumor with very poor prognosis and a bleak survival outlook. The data show VAL-083 is active as a single-agent and synergistic with AZD1775, a Wee1 inhibitor, against DIPG cell lines with varying genetic profiles, including p53 and H3.3/H3.1 K27M mutations.
- In December 2017, the FDA granted Fast Track designation for our lead product candidate, VAL-083, in rGBM. Fast Track designation is designed to expedite the review of drugs that show promise in treating life-threatening diseases and address unmet medical needs, with the goal of getting new treatments to patients earlier. Fast Track designation provides sponsors with an opportunity for increased frequency of communication with FDA to ensure an optimal development plan and to collect appropriate data needed to support drug approval.
- In September 2017, the FDA allowed a second Investigational New Drug Application (“IND”) for our lead drug candidate, VAL-083, as a potential treatment for platinum-resistant ovarian cancer.
- In September 2017, we completed an offering of common stock and warrants for aggregate gross proceeds of \$10.0 million. We intend to continue to use the proceeds to support our research, clinical trials and for general corporate purposes.
- Based on our current strategy, which includes a re-evaluation of our ovarian cancer program, as described below, we believe we have cash available to fund planned operations into the third quarter of calendar 2019.

We intend to continue to evaluate options for our strategic direction. These options may include raising additional capital, the acquisition of another company and / or complementary assets, our sale or another type of strategic partnership.

### **VAL-083 Clinical Trials**

We are currently developing VAL-083, a novel DNA-targeting agent for the treatment of GBM and solid tumors, including ovarian cancer. Our recent research has highlighted the opportunities afforded by VAL-083’s unique mechanism of action and its potential to address unmet medical needs by focusing our development efforts on patients whose tumors exhibit biological features that make them resistant to, or unlikely to respond to, currently available therapies. For example, our research demonstrating VAL-083’s activity in GBM independent of the expression of the MGMT methylation status allows us to focus patient selection based on this important biomarker.

The evaluation of MGMT promotor methylation status has increasingly become common practice in the diagnostic assessment of GBM. In September 2017, the National Comprehensive Cancer Network (“NCCN”), updated guidelines for the standard treatment of GBM based on MGMT methylation status. We believe these recently published guidelines provide for enhanced opportunities for us to capitalize on VAL-083’s unique mechanism of action by utilizing MGMT methylation as a biomarker to optimize patient selection for our novel DNA-targeting agent to target the majority of GBM patients who are diagnosed with MGMT-unmethylated tumors.

Our current priority is to leverage this research and VAL-083’s unique mechanism of action to efficiently advance our drug candidate for the most promising indications, including:

- MGMT-unmethylated GBM, currently comprising two ongoing separate Phase 2 clinical trials for:
  - rGBM patients (ongoing study at MDACC); and
  - Newly diagnosed GBM patients (ongoing study at Sun Yat-sen University); and
- Potentially, platinum-resistant ovarian cancer.

We also intend to undertake an assessment of the full approval of Avastin on our STAR-3 program and patient selection criteria in order to

reach a formal decision on the future of this program within the next 12 months.

## **MGMT-unmethylated GBM**

GBM is the most common and the most lethal form of glioma. According to the World Health Organization, GBM occurs with an incidence of 3.17 per 100,000 person-years. Approximately 18,000 new cases of GBM are expected to be diagnosed in the United States and 26,000 in Europe during 2017.

Measurement of MGMT methylation status has become routine in clinical practice as a biomarker that correlates with resistance to the standard-of-care chemotherapy with temozolomide (Temodar® “TMZ”), and patient outcomes in GBM. The majority of GBM patient’s tumors are characterized as “MGMT-unmethylated” and exhibit a high expression of O6-methyl guanine methyltransferase (“MGMT”), a naturally occurring DNA-repair enzyme, the activity of which nullifies the chemotherapeutic activity of TMZ. The development of new therapies for MGMT-unmethylated GBM is a significant unmet medical need. Importantly, the most recent update to NCCN guidelines states that the treatment benefit of TMZ is likely to be lower in GBM patients with an unmethylated MGMT promoter, and therefore, allows for withholding of TMZ in the treatment of newly diagnosed GBM patients with MGMT-unmethylated tumors due to lack of efficacy.

We have demonstrated that VAL-083’s anti-tumor mechanism is active independent from the MGMT status *in vitro*. We believe this suggests the potential of VAL-083 as a replacement for the current standard-of-care chemotherapy, temozolomide, in MGMT-unmethylated GBM. We are therefore utilizing MGMT-methylation status to identify GBM patients who are unlikely to respond to temozolomide and instead treat them with VAL-083.

We believe that our research, in the context of the recent amendment to NCCN guidelines, highlights this unmet need and the opportunity for VAL-083 as a potential new standard-of-care in the treatment of MGMT-unmethylated GBM.

### **Phase 2 Study in MGMT-unmethylated rGBM in Collaboration with University of Texas MD Anderson Cancer Center**

In February 2017, we initiated a biomarker driven, open-label, single-arm Phase 2 study in collaboration with MDACC. This trial will enroll up to 48 MGMT-unmethylated GBM patients whose tumors have recurred following treatment with temozolomide. These patients will not have been treated previously with Avastin.

The primary endpoint of the trial is overall survival. Safety data from this trial will become part of the overall safety dossier to support future filings with the FDA and other regulatory agencies.

As of March 31, 2018, twenty-two (22) patients had been enrolled in this trial. We believe a positive outcome from this trial can establish a strong position for VAL-083 in the treatment of MGMT-unmethylated GBM.

Data from the trial will be used to help form potential future clinical trial designs with VAL-083 in MGMT-unmethylated rGBM. We anticipate providing updates regarding the progress of this trial, including safety data and observations regarding outcomes, at scientific meetings during 2018. A detailed description of this trial can be found at [clinicaltrials.gov](http://clinicaltrials.gov), Identifier Number: NCT02717962.

### **Phase 2 Trial in Newly Diagnosed MGMT-unmethylated GBM**

In September 2017, we initiated a single arm, biomarker driven, open-label Phase 2 study in newly diagnosed MGMT-unmethylated GBM patients at Sun Yat-sen University Cancer Center in Guangzhou, China. The trial is being conducted in the context of our 2012 collaboration agreement with Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd. Under the terms of this agreement, Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd. is responsible for funding VAL-083 clinical trials that we conduct in China.

In this study, VAL-083 is combined with radiotherapy as a potential replacement for standard-of-care chemoradiation with temozolomide in patients with MGMT-unmethylated GBM. The main goal of the trial will be to confirm the safety of DelMar’s optimized dosing regimen in combination with radiotherapy and to investigate outcomes of the combination of VAL-083 and radiotherapy in MGMT-unmethylated GBM patients.

We plan to enroll up to 30 newly diagnosed MGMT-unmethylated GBM patients in this trial. The primary efficacy endpoint is the determination of tumor response in patients measured by progression free survival (“PFS”). The study is being conducted in two parts: (1) Dose-confirmation: VAL-083 in cohorts (20, 30 and 40 mg/m<sup>2</sup>/day IV) to assess safety and activity when administered concurrently with x-ray telescope (“XRT”) to confirm the maximum tolerated dose (“MTD”), and (2) Expansion: VAL-083 will be studied in up to 20 additional patients at the target dose of 40mg/m<sup>2</sup> VAL-083 administered concurrently with XRT. Assessments of safety and tolerability will be used to support further clinical development of VAL-083 in combination with radiotherapy. Pharmacokinetic assessments of VAL-083 in plasma and cerebral spinal fluid (“CSF”) will be used to correlate drug exposure in the central nervous system with patient outcomes.

As of March 31, 2018, four patients (4) patients have been enrolled in this trial. Dose confirming cohorts studying 20 and 30 mg/m<sup>2</sup>/day have been completed and that no dose-limiting toxicities have been reported following treatment with multiple cycles of VAL-083. The next patient enrolled is expected to receive the study target dose of 40mg/m<sup>2</sup>/day.

We plan to use data from the trial to establish a dosing regimen and trial design for advanced registration-directed clinical trials with VAL-083 in newly diagnosed MGMT-unmethylated GBM.

We anticipate providing updates regarding the progress of this trial, including safety data and observations regarding outcomes, at scientific meetings during 2018. A detailed description of this trial can be found at [clinicaltrials.gov](https://clinicaltrials.gov), Identifier Number: NCT03050736.

### **Phase 3: VAL-083 STAR-3 (Avastin-refractory) GBM Trial**

In July 2017, we initiated our VAL-083 STAR-3 GBM trial as an adaptive, randomized, controlled, pivotal Phase 3 clinical trial in patients with GBM whose tumor has progressed following treatment with Avastin (bevacizumab). As previously disclosed, based on a number of factors, including low patient enrollment, and our belief that the recent full approval of Avastin for rGBM may negatively impact the timely recruitment of suitable patients for this trial, we made the decision to park this trial for up to 12 months while we undertake a detailed assessment of the trial. Accordingly, we have suspended additional enrollment in the STAR-3 trial until:

- Further information is available regarding the potential impact of the recent FDA approval of Avastin on this patient population;
- Further data is available from our ongoing, open label clinical trials in MGMT-unmethylated GBM;
- We have evaluated whether possible protocol amendments designed to increase patient enrollment can be implemented without negatively impacting our ability to recruit subjects with the chance for a measurable clinical benefit following treatment; and/or
- We potentially find a partner to support the costs of the STAR-3 trial.

During this interim evaluation period, we will continue to provide treatment to patients already enrolled in the STAR-3 trial but we will not be recruiting further patients for this trial. During this interim period, we will also consider, on a case-by-case basis, and subject to required institutional and regulatory approvals, providing VAL-083 to patients in this population in accordance with our expanded access policy.

A detailed description of the STAR-3 trial and DelMar’s expanded access program can be found at [clinicaltrials.gov](https://clinicaltrials.gov), Identifier Number: NCT03149575 and NCT03138629, respectively.

## **Ovarian Cancer**

In April 2016, the FDA granted orphan drug designation for the use of VAL-083 in the treatment of ovarian cancer.

In September 2017, we received notice of allowance from the FDA of an IND to initiate a Phase 1/2, open-label, multicenter, study of VAL-083 in patients with **R**ecurrent **P**latinum **R**esistant **O**varian Cancer (the REPROVe trial).

Based on ongoing evaluation and recent input from our newly-formed clinical advisory board, we are reassessing the ovarian cancer program. We are in the process of evaluating the best path forward in ovarian cancer and are looking at various strategic options including combination with PARP inhibitors.

### **VAL-083 Overview**

Our lead product candidate, VAL-083, is a first-in-class small molecule chemotherapeutic. “First-in-class” means that VAL-083 embodies a unique molecular structure which is not an analogue or derivative of any approved product, or product under development for the treatment of cancer. Prior VAL-083 clinical trials supported by the US National Cancer Institute (“NCI”) demonstrated activity against a range of cancers including lung, brain, cervical, ovarian tumors, and leukemia. As part of our business strategy, we leverage and build upon these prior NCI investments and data from more than 40 NCI- Phase 1 and Phase 2 clinical trials with our own research to identify and target unmet medical needs in modern cancer care.

DNA-targeting agents are among the most successful and widely used treatments for cancer. Their efficacy is based on the ability to bind with cancer cell’s DNA and interfere with the process of protein production required for growth and survival of cancer cells.

Our research demonstrates the unique mechanism of action of VAL-083 is distinct from other DNA-targeting agents. VAL-083 exhibits its anti-cancer activity by forming DNA-cross links at the N<sup>7</sup> position of guanine leading to DNA double strand breaks, cell-cycle arrest, and cancer cell death. We have presented research at peer-reviewed scientific meetings demonstrating that VAL-083 is active in patient-derived tumor cell lines and cancer stem cells that are resistant to other chemotherapies. These data, combined with clinical activity demonstrated against various cancers in prior NCI-sponsored clinical trials enhance our confidence that VAL-083 may offer an opportunity as a new therapeutic option for patients whose tumors exhibit biological features that cause them to be resistant or unlikely to respond to currently available treatments.

We are currently studying VAL-083 in multiple clinical trials for the treatment of GBM, the most common and aggressive form of brain cancer. We have also received notice of allowance from the FDA for an IND to initiate clinical trials with VAL-083 in the treatment of platinum-resistant ovarian cancer.

The FDA Office of Orphan Products Development has granted orphan drug designations to VAL-083 for the treatment of glioma, ovarian cancer and medulloblastoma. VAL-083 has also been granted an orphan drug designation for the treatment of glioma in Europe. Orphan diseases are defined in the United States under the Rare Disease Act of 2002 as “any disease or condition that affects fewer 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 seven-year period of market exclusivity in the United States to encourage the development of new treatments for orphan diseases.

### **Fast Track Designation**

In December 2017, the FDA granted Fast Track designation for VAL-083, in rGBM.

Fast Track designation is designed to expedite the review of drugs that show promise in treating life-threatening diseases and address unmet medical needs, with the goal of getting new treatments to patients earlier. Fast Track designation provides sponsors with an opportunity for increased frequency for communication with the FDA to ensure an optimal development plan and to collect appropriate data needed to support drug approval. Additional benefits of the Fast Track designation may include an Accelerated Approval, a Priority Review, and a Rolling Review. Accelerated Approval is granted to drugs that demonstrate an effect on a surrogate, or intermediate endpoints, reasonably likely to predict clinical benefit. Priority Review shortens the FDA review process for a new drug from ten months to nine months and is appropriate for drugs that demonstrate significant improvements in both safety and efficacy of an existing therapy. Rolling Review provides a drug company the opportunity to submit completed sections of its New Drug Application (“NDA”) for review by the FDA. Typically, NDA reviews do not commence until the drug company has submitted the entire application to the FDA. Through the Fast Track designation, the FDA attempts to ensure that questions raised during the drug development process are resolved quickly, often leading to earlier approval and increased access for patients.

### **VAL-083 Mechanism of Action and the Opportunity in the Treatment of Cancer**

Chemotherapy forms the basis of treatment in nearly all cancers. We believe that VAL-083 may be effective in treating tumors exhibiting biological features that cause resistance to currently available chemotherapy, particularly for patients who have failed, or become resistant to, other treatment regimens.

Based on published research and our own data, the cytotoxic functional groups, and the mechanism of action of VAL-083 are functionally different from alkylating agents commonly used in the treatment of 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.

Our research suggests that VAL-083 attacks cancer cells via a unique mechanism of action which is distinct from other chemotherapies used in the treatment of cancer. Our data indicate that VAL-083 forms interstrand crosslinks at the N<sup>7</sup> position of guanine on the DNA of cancer cells. Our data also indicate that this crosslink forms rapidly and is not easily repaired by the cancer cell resulting in cell-cycle arrest and lethal double-strand DNA breaks in cancer cells. VAL-083 readily crosses the blood brain barrier. Published preclinical and clinical research demonstrate that VAL-083 is absorbed more readily in tumor cells than in normal cells.

*In vitro*, our data also demonstrate that VAL-083's distinct mechanism may be able to overcome drug resistance against a range of cancers. For example, VAL-083 is active against MGMT-unmethylated GBM cells which are resistant to treatment with temozolomide and nitrosoureas. VAL-083 also retains a high level of activity in p53 mutated non-small cell lung cancer ("NSCLC"), ovarian cancer and medulloblastoma cell lines that are resistant to platinum-based chemotherapy.

Importantly, clinical activity against each of the tumors mentioned above was established in prior NCI-sponsored Phase 2 clinical trials. We believe that these historical clinical data and our own research support the development of VAL-083 as a potential new treatment for multiple types of cancer.

The main dose-limiting toxicity ("DLT") related to the administration of VAL-083 in previous NCI-sponsored clinical studies and our own clinical trials is myelosuppression, particularly thrombocytopenia. Myelosuppression and thrombocytopenia are common side effects of chemotherapy. Myelosuppression is the decrease in cells responsible for providing immunity, carrying oxygen, and causing normal blood clotting. Thrombocytopenia is a reduction in platelet counts, which assist in blood clotting. Modern medicine allows for better management of myelosuppressive side effects. We believe this offers the potential opportunity to improve upon the drug's already established efficacy profile by substantially increasing the dose of VAL-083 that can be safely administered to cancer patients.

There is no evidence of lung, liver, or kidney toxicity even with prolonged treatment by VAL-083. Data from the Chinese market where the drug has been approved for more than 15 years supports the safety findings of the NCI studies.

### ***Gliomas and Glioblastoma Multiforme ("GBM")***

Gliomas are a type of Central Nervous System ("CNS") tumor that arises from glial cells in the brain or spine. Glial cells are the cells surrounding nerves. Their primary function is to provide support and protection for neurons in the CNS.

GBM is the most common and the most lethal form of glioma. According to the World Health Organization, GBM occurs with an incidence of 3.17 per 100,000 person-years. Approximately 18,000 new cases of GBM are expected to be diagnosed in the United States and 26,000 in Europe during 2017.

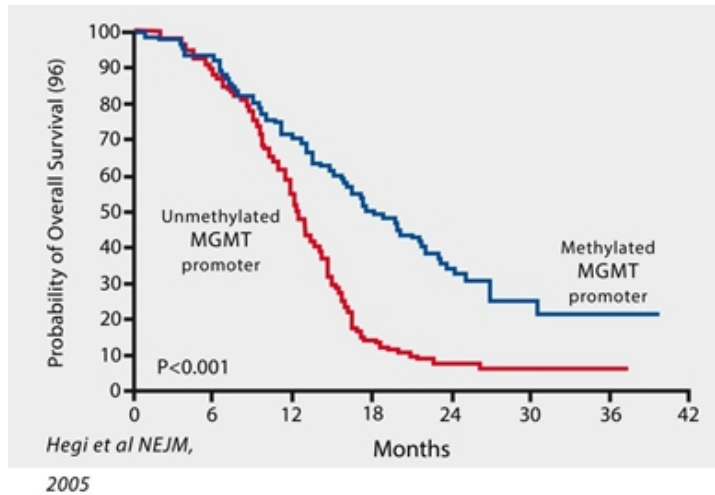
Common symptoms of GBM include headaches, seizures, nausea, weakness, paralysis and personality or cognitive changes such as loss of speech or difficulty in thinking clearly. GBM progresses quickly and patients' conditions deteriorate rapidly progressing to death. The outlook for GBM patients is generally poor. The median survival in newly diagnosed patients with best available treatments is less than 15 months, and one-year and five-year survival rates are approximately 25% and less than 3%, respectively.

In September 2017, the National Comprehensive Cancer Network ("NCCN"), updated treatment guidelines for GBM. The recommended treatment regimen for GBM includes surgical resection to remove as much of the tumor as possible ("debulking") followed by radiotherapy with concomitant and adjuvant chemotherapy with temozolomide with or without tumor treating fields ("TTF"). GBM patients whose tumors exhibit an unmethylated promotor for the gene encoding the DNA enzyme O<sup>6</sup>-DNA methylguanine methyl-transferase ("MGMT"), a biomarker correlated with resistance to temozolomide, may be treated with radiation alone following surgery.

Patients with an unmethylated MGMT promotor have high levels of MGMT, a naturally-occurring DNA repair enzyme that repairs tumor-fighting lesions induced by TMZ thus allowing a patient's tumor to continue to grow despite treatment which leads to poor outcomes. Measurement of MGMT methylation status has become routine in clinical practice as biomarker that correlates with response to TMZ and patient outcomes in GBM.

## Probability of GBM Patient Survival Correlated to Expression of MGMT Enzyme

(Unmethylated promoter = High MGMT Expression and Significantly Shorter Survival)



TTF (Optune®) is a non-invasive technique for adults with GBM. TTF uses alternating electrical fields to disrupt tumor cell division, or cause cell death, thereby preventing the tumor from growing or spreading as quickly. A clinical trial reported that GBM patients treated with TTF combined with TMZ experienced longer survival than those treated with TMZ alone.

The majority of GBM patients' tumors recur within 6 – 12 months of initial treatment. Experimental therapy through clinical trials is recommended under NCCN guidelines for eligible patients. NCCN guidelines also recommend treatment with systemic chemotherapy, such as lomustine ("CCNU"). For patients who are eligible for additional surgical debulking, local chemotherapy with carmustine ("BCNU") wafers may be employed. CCNU and BCNU target the same DNA-site as TMZ and are also subject to MGMT-related resistance.

Avastin (Avastin®, an anti-VEGF antibody) recently received full FDA approval as a single agent for patients with recurrent GBM following prior therapy in the US, Canada, Australia, and Japan. Avastin carries an FDA "black-box warning" related to severe, sometimes fatal, side effects such as gastrointestinal perforations, wound healing complications and hemorrhage. There are no data demonstrating an improvement in disease-related symptoms or increased survival for GBM patients treated with Avastin.

Recurrent GBM patients, especially those whose tumors progress following treatment with Avastin, have limited or no treatment options and a very poor prognosis. According to published literature, the median survival for GBM patients whose tumors progress following Avastin is less than four months.

### ***VAL-083 Historical Data and Our Research in GBM***

VAL-083 is first-in-class DNA targeting agent that readily crosses the blood-brain-barrier. Data from prior NCI-sponsored clinical trials with VAL-083 demonstrate activity against GBM and other CNS tumors. In general, historical NCI-sponsored trials demonstrate that tumor regression in brain cancer was achieved in 40% of patients treated and stabilization was achieved in an additional 20% to 30% of brain tumor patients following treatment with VAL-083.

VAL-083 demonstrated statistically significant improvement in the median survival of high grade glioma brain tumors, including GBM when combined with radiation versus radiation alone ( $p < 0.05$ ) with results similar, or superior to, other chemotherapies approved for the treatment of GBM.



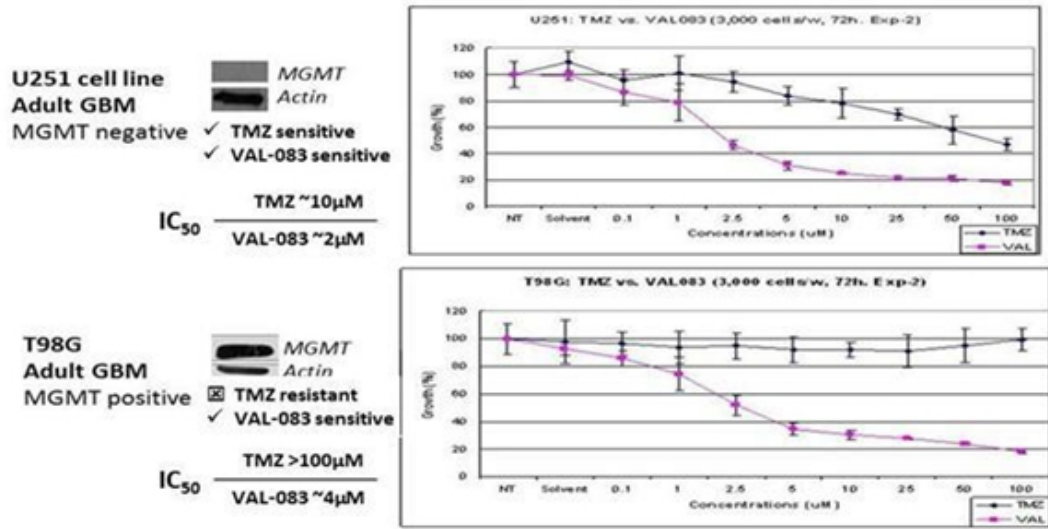
**A Summary of Published Data adapted from Separate Sources Comparing the Efficacy of VAL-083  
and Other Therapies in the Treatment of GBM**

Chemotherapy	Comparative Therapy		Median Survival Benefit vs. XRT alone
	Radiation (XRT) Alone	Radiation + Chemotherapy	
<b>VAL-083 (Eagan 1979)</b>	<b>8.4 months</b>	<b>16.8 months</b>	<b>8.4 months</b>
<i>Temozolomide (Temodar<sup>®</sup>) (Stupp 2005)</i>	12.1 months	14.6 months	2.5 months
Lomustine (CCNU) (Walker 1976)	11.8 months	13 months	1.2 months
Carmustine (BCNU) (Reagan 1976)	10 months	12.5 months	2.5 months
Semustine (ACNU) (Takakura 1986)	12 months	14 months	2.0 months

**VAL-083 is Active Independent of MGMT**

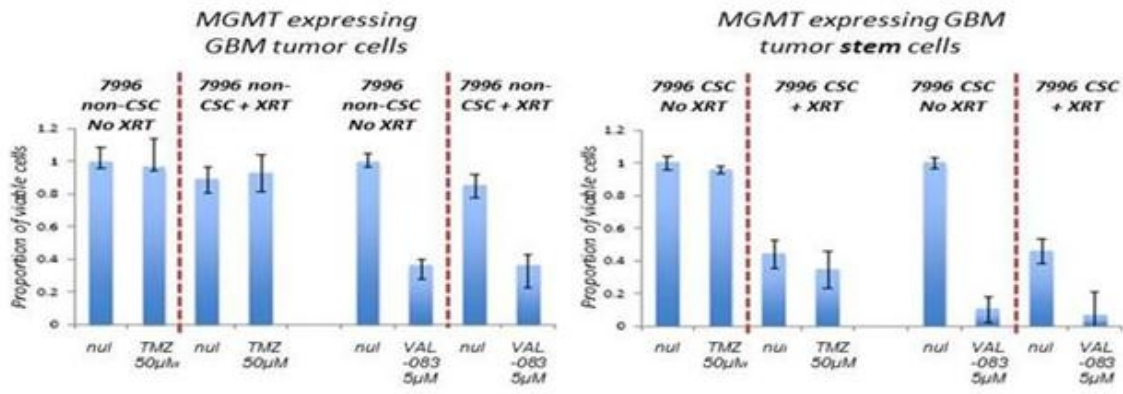
We have presented data at several peer reviewed meetings demonstrating that VAL-083 is active independent of MGMT resistance in GBM cell lines and other CNS tumor cells. Our research, along with that of others, demonstrates that VAL-083's unique cytotoxic mechanism forms DNA cross-links at the N<sup>7</sup> position of guanine and retains cytotoxic activity independent of MGMT expression *in vitro*. Our studies demonstrate that VAL-083 has more potent activity against brain tumor cells in comparison to TMZ and overcomes resistance associated with MGMT, suggesting the potential to surpass the current standard-of-care in the treatment of GBM.

**A Summary of Our Data Demonstrating that VAL-083's Anti-Tumor Mechanism is Distinct from, and can Overcome, MGMT-Related Chemo resistance in the Treatment of GBM**



In addition, historical NCI clinical trial data and our own research support the activity of VAL-083 as a potentiator of radiotherapy. Radiotherapy in combination with temozolomide is the current standard of care in the treatment of newly diagnosed GBM. Our research demonstrates that temozolomide and radiotherapy are ineffective against GBM cells exhibiting a high expression of MGMT, whereas VAL-083 potentiates the tumor-killing effect of radiation independent of MGMT expression. Furthermore, the combination of VAL-083 and radiation has been demonstrated to be active against GBM cancer stem cells (“CSCs”) in vitro. CSCs are often resistant to chemotherapy and form the basis for tumor recurrence and metastasis. GBM CSCs display strong resistance to TMZ, even where MGMT expression is low. However, our data demonstrates that GBM CSCs are susceptible to VAL-083 independent of MGMT expression.

**A Summary of Our Data Demonstrating that VAL-083 Maintains Activity in Both Temozolomide-resistant GBM Cell Lines and Matched Cancer Stem Cells and Potentiates Radiotherapy**



We believe that VAL-083's more potent activity against brain tumor cells in comparison to TMZ, VAL-083's ability to overcome MGMT-mediated resistance, and its activity against GBM CSCs suggests the potential of VAL-083 to surpass the current standard-of-care in the treatment of GBM.

Phase 1 – 2 Clinical Trial Overview and Summary of Results

Forty-eight GBM patients whose disease has progressed following prior treatment with temozolomide and Avastin were enrolled in an open-label, single arm dose-escalation study designed to evaluate the safety, tolerability, pharmacokinetics, and anti-cancer activity of VAL-083. The trial was conducted at five centers in the United States: The Mayo Clinic in Rochester, Minnesota; the Brain Tumor Center at University of California, San Francisco; the Sarah Cannon Cancer Research Center in Nashville, Tennessee, Denver, Colorado; and the SCRI affiliate site at the Florida Cancer Specialist Research Institute in Sarasota, Florida.

Patients received VAL-083 on days 1, 2 and 3 on a 21-day treatment cycle. The Phase 1 portion of the study involved dose escalation cohorts until a maximum tolerated dose (“MTD”) was established at 40mg/m<sup>2</sup>. A further 14-patient, Phase 2 expansion was then enrolled at the MTD to gather further safety data at our chosen therapeutic dose and to further explore the outcomes in this patient population.

In May 2016, we held an end of Phase 2 meeting with the FDA in which we discussed with the FDA the design of a Phase 3, registration-directed clinical program for VAL-083 in refractory GBM. Based on the input we received from the FDA, the agency confirmed that it would consider the totality of data available, including data obtained from DelMar's other planned clinical trials in related GBM populations, when assessing the NDA. The FDA also noted that DelMar can rely on prior NCI studies and historical literature to support nonclinical data required for an NDA filing under a 505(b)(2) strategy which allows a sponsor to rely on already established safety and efficacy data in support of an NDA.

We reported updated results of our Phase 1/2 clinical trial at the 2016 ASCO annual meeting. In summary, these data are as follows:

Safety and Tolerability

In the Phase 1 dose escalation regimen, no serious adverse events (“SAE”) related to VAL-083 were encountered at doses up to 40 mg/m<sup>2</sup>/day.

Increasing frequency of, and higher grade, hematologic toxicities were observed at doses above 40 mg/m<sup>2</sup>/day. Consistent with the published literature, the observed dose limiting toxicity for VAL-083 is primarily thrombocytopenia (low platelets). Observed platelet nadir occurred at approximately day 18, and recovery was rapid and spontaneous following treatment.

Based on Phase 1 observations, fourteen additional patients were enrolled in a Phase 2 expansion cohort at 40mg/m<sup>2</sup>, which was established as the MTD. Consistent with Phase 1, the dose of VAL-083 of 40 mg/m<sup>2</sup> on days 1, 2 and 3 of a 21-day cycle was generally well tolerated in Phase 2. At this dose, one subject previously treated with CCNU, a nitrosourea agent, reported severe (Grade 4) thrombocytopenia. As a result of this observation, the protocol inclusion criterion for platelet count was increased from 100,000/μL to 150,000/μL for patients receiving prior nitrosoureas within 12 weeks preceding enrollment. No other dose limiting toxicities were observed.

**VAL-083 Safety Observations from Phase 1/2 Clinical Trial**

Hematologic parameter and CTCAE grade	dose	≤30 mg/m <sup>2</sup>		40 mg/m <sup>2</sup>		45 mg/m <sup>2</sup>		50 mg/m <sup>2</sup>	
		n =							
Anemia	≤G2	11	55%	2	12%	2	50%	6	86%
	G3	2	10%	-	0%	-	0%	-	0%
	G4	-	0%	-	0%	-	0%	-	0%
Leukopenia	≤G2	5	25%	2	12%	-	0%	5	71%
	G3	1	5%	-	0%	-	0%	3	43%
	G4	-	0%	-	0%	2	50%	-	0%
Neutropenia	≤G2	4	20%	-	0%	-	0%	-	0%
	G3	-	0%	-	0%	-	0%	3	43%
	G4	-	0%	-	0%	2	50%	1	14%
Thrombocytopenia	≤G2	9	45%	3	18%	-	0%	3	43%
	G3	-	0%	-	0%	1	25%	3	43%
	G4	-	0%	1	6%	2	50%	1	14%
DLT Observed		nil		1		2		2	

### Doses Achieved

We confirmed that we achieved doses of VAL-083 that are substantially higher than were utilized in the original published NCI-sponsored clinical trials. A summary in comparison to the NCI's historical regimen is as follows:

<b>Dosing Regimen &amp; Study</b>	<b>Single Dose</b>	<b>Acute Regimen (single cycle)</b>		<b>Comparative Cumulative Dose (@ 35 days)</b>	<b>Dose Intensity (dose per week)</b>
NCI GBM historical regimen (Eagan et al) daily x 5 q 5wks (cycle = 35 days)	25 mg/m <sup>2</sup>	x5 days =	125 mg/m <sup>2</sup>	125 mg/m <sup>2</sup>	25 mg/m <sup>2</sup> /wk.
DelMar VAL-083 optimized regimen daily x 3 q 3wks (cycle = 21 days)	40 mg/m <sup>2</sup>	x3 days =	120 mg/m <sup>2</sup>	240 mg/m <sup>2</sup>	40 mg/m <sup>2</sup> /wk.

*Daily x 5 q 5wks refers to a dosing regimen of once per day for five consecutive days every five weeks (35-day cycle); while daily x 3 q 3wks refers to a dosing regimen of once per day for three consecutive days every three weeks (21-day cycle).*

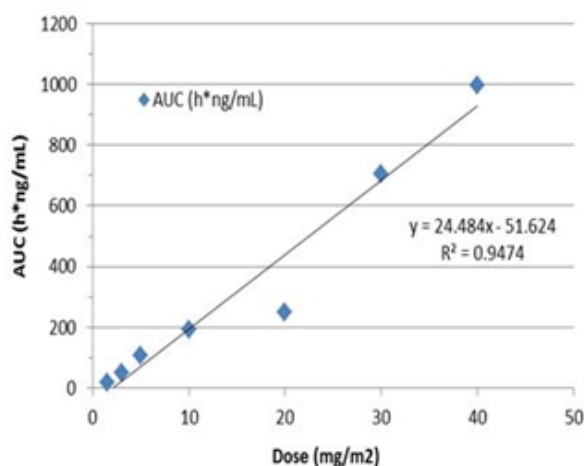
Our optimized dosing regimen increases the amount of VAL-083 delivered to the CNS by 60% over historical regimens without increased toxicity. Thus, the DelMar regimen achieves both a higher maximum concentration and higher overall exposure, which we believe may increase the likelihood of successful treatment outcomes in glioblastoma and other brain tumors.

### Pharmacokinetics

Pharmacokinetic ("PK") analyses showed dose-dependent linear systemic exposure with a short (1-2h) plasma terminal half-life; average C<sub>max</sub> at 40 mg/m<sup>2</sup>/day was 781 ng/mL (5.3µM). The observed PK profile is comparable to published literature. Prior NCI-sponsored studies demonstrated that VAL-083 readily crosses the blood brain barrier and has a long (>20 hour) half-life in the CNS.

We believe that this PK profile is optimal for the treatment of brain tumors: A long CNS half-life is expected to maximize exposure of the drug in the brain increasing the likelihood of successful treatment outcomes, while a short plasma half-life is desirable to minimize systemic side effects.

**Observed pharmacokinetics from VAL-083 Phase 1 clinical trial dose vs. AUC**



Based on observed and previously published pharmacokinetics, DelMar believes that therapeutic doses equal to, or above, 20 mg/m<sup>2</sup> daily on days 1, 2 and 3 of a 21-day cycle should deliver sufficient levels of VAL-083 to brain tumors to achieve a therapeutic benefit.

MGMT & IDH1

High expression of MGMT and wild-type form of the enzyme isocitrate dehydrogenase (“IDH1”) have been previously shown to be diagnostic markers that correlate with resistance to currently available chemotherapies (e.g. temozolomide or nitrosourea) in the treatment of GBM and poor patient outcomes. Measurement of these biomarkers has become routine in clinical practice.

Notably, we have previously demonstrated that VAL-083’s anti-tumor mechanism is active independent from the MGMT status *in vitro*. We believe we will ultimately be able to use such biomarkers in a prognostic fashion to select the patients most likely to respond to treatment as we expand the clinical development of VAL-083.

Biomarker	Observation in Phase 1/2 clinical trial
High MGMT (n=19)	84%
IDH-WT (n=11)	90%

Tumor Response and Outcomes

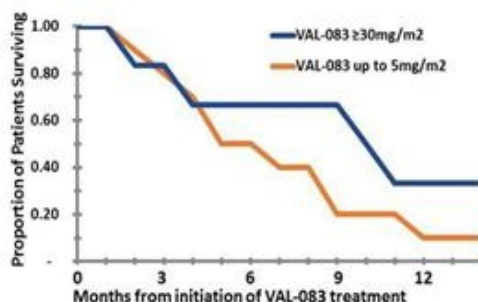
rGBM patients in our Phase 1/2 clinical trial were not re-resected prior to treatment with VAL-083 and therefore had a growing recurrent GBM tumor at the time of enrollment. Patients were monitored for tumor response by MRI.

Consistent with un-resected rGBM, median progression free survival (“PFS”) was short at 1.2 months (range: 0.2 – 20.1 months). Five rGBM patients treated with VAL-083 were reported to have stable disease as their best response following treatment; the remainder reported progressive disease.

Disease progression is typical in a refractory GBM population with non-resected tumors. However, we believe that slowed progression may provide meaningful clinical benefit in this patient population through prolonged overall survival and improved quality of life.

According to published literature, GBM patients failing Avastin have a poor prognosis with expected survival under five months. Ad-hoc subgroup analysis of the Phase 1 dose-escalation data indicated a dose response trend and potential for improved survival. Increased survival was observed following initiation of treatment in a high dose (30 and 40mg/m<sup>2</sup>, n=9) sub-group vs. a low dose (≤5mg/m<sup>2</sup>, n=6) sub-group with median survival of >9 months vs. 4.4 months for the high and low dose groups, respectively. At the time of the analysis, more than half of patients receiving an assumed therapeutic dose survived more than nine months following Avastin failure; more than 40% survived for nine months and more than 20% survived for twelve months or more.

#### Observed Survival Based on Phase 1 Sub-Group Analysis



Analysis of twenty-two (22) patients receiving an assumed therapeutic dose of VAL-083 (≥20mg/m<sup>2</sup>) demonstrated median survival of 8.35 months following Avastin failure.

#### ASCO 2016: VAL-083 compared to published literature

Reference	Post Avastin Salvage Therapy	Median Survival following Avastin Failure
<b>Shih (2016)</b>	<b>VAL-083</b>	<b>8.35 months</b>
Rahman (2014)	nitrosourea	4.3 months
Mikkelsen (2011)	TMZ + irinotecan	4.5 months
Lu (2011)	dasatinib	2.6 months
Reardon (2011)	etoposide	4.7 months
Reardon (2011)	TMZ	2.9 months
Iwamoto (2009)	various	5.1 months

While recognizing these data are representative of a relatively small, non-controlled Phase 1/2 clinical trial, we believe these outcomes support the potential of VAL-083 to offer meaningful clinical benefit to GBM patients who have failed Avastin, compared to currently available therapy.

#### VAL-083 Historical Data and DelMar Research in Ovarian Cancer

Ovarian cancer is the fifth most common cancer in women and is the leading cause of death among women diagnosed with gynecological malignancies. In 2016, approximately 22,300 women in the US were diagnosed with ovarian cancer and 14,300 died from their disease.

Without treatment, ovarian cancer spreads within the pelvic region and metastasizes to distant sites such as the lungs, liver, spleen and, rarely, the brain. The initial symptoms of ovarian cancer such as abdominal bloating, indigestion, pelvic pain, or nausea are often attributed to symptoms caused by a less serious condition. Therefore, in most cases, ovarian cancer is not diagnosed until it has progressed to an advanced stage when it is no longer possible to surgically remove all tumor tissue.

When diagnosed at an advanced stage the 5-year survival rate is less than 40%. Women with ovarian cancer receive chemotherapy following surgery to treat residual disease.

Activity against ovarian epithelial adenocarcinoma (“OEA”) and squamous cell carcinoma of the cervix (“SCC”) was reported in prior NCI-sponsored clinical trials. Importantly, NCI-researchers recommended VAL-083 for further advanced studies in the treatment of ovarian cancer.

Pt-based chemotherapy is employed in the treatment of nearly 50% of all cancer patients and is employed in the treatment regimen or nearly all advanced-stage ovarian cancer patients. Ovarian cancer patients whose tumors are sensitive to Pt-based chemotherapy have the most favorable outcome. Recently, the approval of PARP inhibitors in the treatment of ovarian cancer patients demonstrated improved outcomes, particularly patients whose tumors remain sensitive to Pt-based treatments.

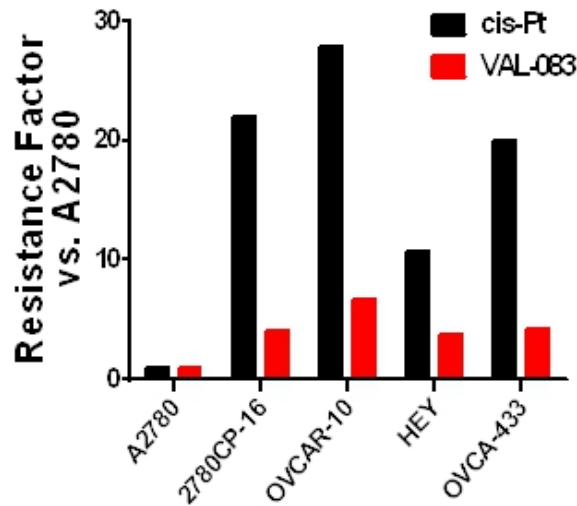
Pt-based chemotherapies function by causing extensive damage to a cancer cell’s DNA. Cancer cells are adept at overcoming DNA damage or employing mechanisms to repair DNA damage induced by Pt-based chemotherapy. One of the most common obstacles to DNA-damaging chemotherapy is mutations to a gene called p53. Cellular processes governed by the p53 gene are critical in assessing DNA damage and determining if a cell should cease from dividing or self-destruct. When p53 does not function properly, cancer cells continue to divide despite the treatment with DNA-damaging chemotherapy, making these drugs ineffective and leading to treatment resistance. This occurs in nearly all cases of the most difficult ovarian cancer to treat – high grade serous ovarian cancer (HGSOC) – which accounts for up to 70% of ovarian cancer cases and approximately 90% of ovarian cancer deaths. P53 mutations are associated with resistance to Pt-based chemotherapy, which leads to treatment failure and increased mortality. Solving this problem is a major goal in the development of new treatments for ovarian cancer.

Unfortunately, the development of resistance to Pt-based agents is nearly inevitable, leading to disease recurrence and increased mortality. Ultimately, most women with advanced ovarian cancer develop recurrent disease with progressively shorter disease-free intervals. Those whose tumors recur within 6 months of Pt-based therapy are considered Pt-resistant/refractory and have a very poor prognosis.

The response rate to second line therapy for Pt-resistant ovarian cancer patients is in the 10-15% range and overall survival is approximately 12 months. The development of new chemotherapies and targeted agents to overcome Pt resistance in ovarian cancer is a significant unmet medical need.

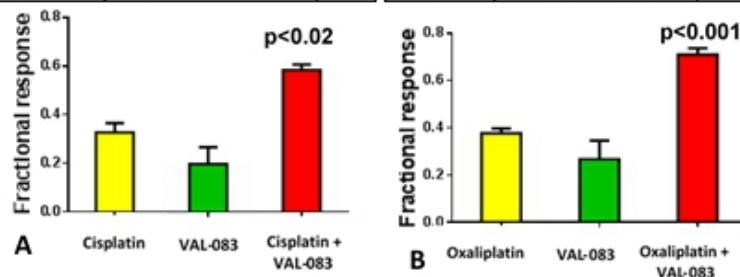
We have presented data demonstrating that VAL-083’s distinct mechanism of action allows activity in tumors that are resistant to other therapies. We have shown that cytotoxicity of VAL-083 against ovarian cancer is independent of sensitivity to cisplatin or p53 status *in vitro*. We have demonstrated that VAL-083 is active in Pt-resistant ovarian cells harboring a range of p53-mutations.

Our research has demonstrated that VAL-083 not only overcomes Pt resistance, but the combination of VAL-083 with Pt-based chemotherapy displays synergy in multiple models *in vitro* and *in vivo*. This further suggests a distinct mechanism of action and potential use as part of a VAL-083/Pt-combination therapy.



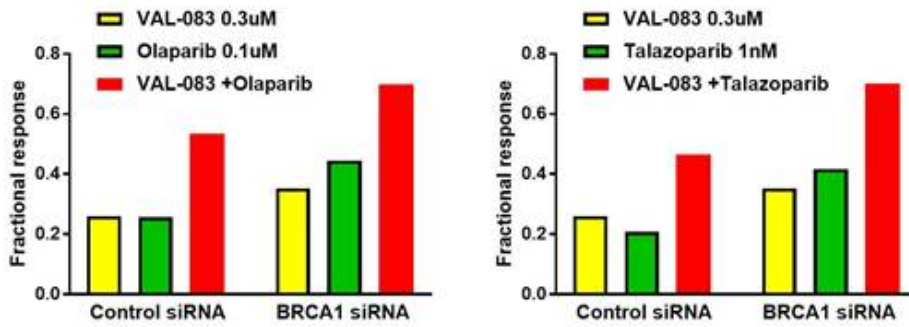
The combination of VAL-083 with either cisplatin (A) or oxaliplatin (B) in the human H460 (WT p53) NSCLC model demonstrated significant super additivity ( $p \leq 0.05$ ) and/or synergism ( $CI < 1$ ) for both combinations. This cytotoxic effect of VAL-083 in combination with either platinum drug was observed also in A549 (WT p53) and H1975 (mutant p53) NSCLC cells, independently of p53 status (not shown). Data, where applicable, are shown as mean  $\pm$  SE; N=7.

Cytotoxic Level (Fa)	Concentration ( $\mu$ M)		CI	Cytotoxic Level (Fa)	Concentration ( $\mu$ M)		CI
	VAL-083	Cisplatin			VAL-083	Oxaliplatin	
ED75	0.42	0.38	0.92	ED75	0.29	0.21	0.86
ED90	0.92	0.85	0.91	ED90	0.51	0.37	0.82
ED95	1.58	1.45	0.90	ED95	0.73	0.54	0.81



While Pt-based chemotherapy is the standard treatment for ovarian cancer, PARP inhibitors have recently provided a new treatment option for a subset of patients with platinum-sensitive recurrent ovarian cancer. VAL-083 also demonstrates synergistic activity with certain PARP inhibitors, including olaparib (Lynparza) and talazoparib *in vitro*, suggesting VAL-083 may have utility in the treatment of ovarian cancer in combination with PARP inhibitors.





We believe that these data demonstrate the potential of VAL-083 to treat platinum-resistant ovarian cancers as a single-agent against platinum-resistant tumors in combination with platinum-based chemotherapeutic regimens or in combination with PARP inhibitors.

**Other Indications for VAL-083 – Potential Future Opportunities**

VAL-083 in Lung Cancer

Lung cancer is a leading cause of cancer death around the world and effective treatment for lung cancer remains a significant global unmet need despite advances in therapy. Incidence of lung cancer in the United States is approximately 59 per 100,000 with the majority (52: 100,000) being NSCLC, the most common type of lung cancer. Globally, the market for lung cancer treatment may exceed \$24 billion by 2033 according to a report published by Evaluate Pharma.

The activity of VAL-083 against solid tumors, including lung cancer, has been established in both preclinical and human clinical trials conducted by the NCI. DelMar has developed new nonclinical data to support the utility of VAL-083 in the modern treatment of lung cancer. In an established murine xenograft model of NSCLC, the activity of VAL-083 was compared to standard platinum-based therapy with cisplatin against human NSCLC cell lines A549 (TKI-sensitive) and H1975 (TKI-resistant). In the study, VAL-083 demonstrated superior efficacy and safety in the treatment of TKI-susceptible (A549) tumors and in TKI-resistant (H1975) tumors.

Central Nervous System Metastases of Solid Tumors

The successful management of systemic tumors by modern targeted therapies has led to increased incidence of mortality due to CNS metastases of lung cancer and other solid tumors. In June 2013, we split our Phase 1/2 clinical trial protocol into two separate studies: one focusing solely on refractory GBM and the other focusing on secondary brain cancers caused by other tumors that have spread to the brain.

Based on historical clinical activity and our own research, we believe that VAL-083 may be suitable for the treatment of patients with CNS metastases who currently have limited treatment options. Subject to the availability of financial and operating resources, we plan to develop a separate protocol for the continued exploration of VAL-083 in patients with secondary brain cancer caused by a solid tumor spreading to the brain.

Pediatric Brain Tumors

Tumors of the brain and spine make up approximately 20 percent of all childhood cancers and they are the second most common form of childhood cancer after leukemia.

The activity of VAL-083 against childhood and adolescent brain tumors has been established in both preclinical and human clinical trials conducted by the NCI. We have presented data indicating that VAL-083 offers potential therapeutic alternatives for the treatment of pediatric brain tumors including SHH-p53 mutated medulloblastoma. In March 2016, the FDA granted orphan drug designation for the use of VAL-083 in the treatment of medulloblastoma. Subject to the availability of resources, we intend to collaborate with leading academic researchers for the continued exploration of VAL-083 as a potential treatment of childhood brain tumors.

### **Additional Indications for VAL-083**

In historical studies sponsored by the NCI in the United States, VAL-083 exhibited clinical activity against a range of tumor types including central nervous system tumors, solid tumors, and hematologic malignancies. We have established new nonclinical data supporting the activity of VAL-083 in different types of cancer that are resistant to modern targeted therapies and we believe that the unique cytotoxic mechanism of VAL-083 may provide benefit to patients in a range of indications. We intend to continue to research these opportunities, and if appropriate, expand our clinical development efforts to include additional indications.

### **Corporate History**

We are a Nevada corporation formed on June 24, 2009 under the name Berry Only, Inc. Prior to a reverse acquisition undertaken on January 25, 2013 Berry did not have any significant assets or operations. The Company is the parent company of Del Mar Pharmaceuticals (BC) Ltd. (“Del Mar (BC)”), a British Columbia, Canada corporation incorporated on April 6, 2010, that is focused on the development of drugs for the treatment of cancer. The Company is also the parent company to 0959454 B.C. Ltd., a British Columbia corporation (“Calco”), and 0959456 B.C. Ltd., a British Columbia corporation (“Exchangeco”). Calco and Exchangeco were formed to facilitate the reverse acquisition.

References to the Company, “we”, “us”, and “our” refer to the Company and its wholly-owned subsidiaries, Del Mar (BC), Calco and Exchangeco.

### **Outstanding Securities**

As of May 15, 2018, the Company had 22,012,237 shares of common stock issued and outstanding, 932,761 shares of common stock issuable upon exchange of the Exchangeable Shares of Exchangeco (which entitle the holder to require Exchangeco to redeem (or, at the option of the Company or Calco, to have the Company or Calco purchase) the Exchangeable Shares, and upon such redemption or purchase to receive an equal number of shares of common stock of the Company) (the Exchangeable Shares are recognized on an as-exchanged for common stock basis for financial statement purposes), outstanding warrants to purchase 14,281,275 shares of common stock, 868,613 outstanding shares of Series B Preferred Stock that are convertible into 2,171,542 shares of common stock, outstanding stock options to purchase 1,756,850 of common stock, and 1,200,000 PSU’s. All Exchangeable Shares, warrants, stock options, and PSU’s are convertible, or exercisable into, one share of common stock. Each Series B convertible preferred share is convertible into 2.5 shares of common stock.

### **Related Parties**

The Company acquired its initial patents and technology rights from Valent, an entity owned by Dr. Dennis Brown, the Company’s Chief Scientific Officer and a former director. As a result, Valent is a related party to the Company.

Pursuant to employment and consulting agreements with the Company’s officers the Company recognized a total of \$304,888 (2017 - \$162,500) in expenses for the three months ended March 31, 2018 and \$674,055 (2017 - \$557,500) for the nine months ended March 31, 2018. In addition, for the nine months ended March 31, 2018, the Company recognized a total of \$311,683 relating to the settlement agreement with the Company’s former President and Chief Operating Officer. Amounts owed to related parties, including to the Company’s former President and Chief Operating Officer, are non-interest bearing and payable on demand.

The Company recognized \$45,000 (2017 – \$44,500) in directors’ fees during the three months ended March 31, 2018 and \$141,250 (2017 - \$126,500) during the nine months ended March 31, 2018.

As part of the Series B preferred stock dividend the Company issued 1,511 (2017 – 1,511) shares of common stock to officers and directors of the Company and recognized an amount of \$1,420 (2017 - \$6,346) for the three months ended March 31, 2018. For the nine months ended March 31, 2018, the Company issued 4,533 (2017 – 4,533) shares of common stock and recognized \$4,336 (2017 - \$20,306). All of the dividends have been recognized as a direct increase to deficit.

The Company recorded \$2,089 (2017 - \$2,089) in dividends related to the Series A preferred stock issued to Valent (note 3) for the three months ended March 31, 2018 and \$6,267 (2017 - \$6,267) for the nine months ended March 31, 2018. The dividends have been recorded as a direct increase in accumulated deficit.

During the nine months ended March 31, 2018, the Company granted a total of 180,000 stock options to the Company's independent directors. The stock options are exercisable at a price of \$2.11 and have a term of 10 years. One-third of the options vest on June 30, 2018 and 15,000 options vest on a quarterly basis thereafter commencing September 30, 2018. In addition, during the nine months ended March 31, 2018, the Company granted 120,000 stock options at an exercise price of \$0.87 to its Interim President and Chief Executive Officer. The stock options have a term of 10 years and vest pro rata monthly during the year following grant. The Company also modified certain stock options held by its former President and Chief Operating Officer.

During the nine months ended March 31, 2017, the Company issued 224,600 stock options to officers of the Company at an exercise price of \$4.95. The stock options vest pro rata on a monthly basis over 36 months and expire on February 17, 2027.

### ***Derivative Liability***

The Company has issued common stock purchase warrants. Based on the terms of certain of these warrants the Company 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 each reporting period with the changes in fair value recorded in the consolidated condensed interim statement of loss and comprehensive loss.

### ***2013 Investor Warrants***

During the quarter ended March 31, 2013, the Company issued an aggregate of 3,281,250 units at a purchase price of \$3.20 per unit, for aggregate gross proceeds of \$10,500,000 (the "Private Offering"). Each unit consisted of one share of common stock and one five-year warrant (the "2013 Investor Warrants") to purchase one share of common stock at an initial exercise price of \$3.20. The exercise price of the 2013 Investor Warrants is subject to adjustment in the event that the Company issues common stock at a price lower than the exercise price, subject to certain exceptions. The 2013 Investor Warrants are redeemable by the Company at a price of \$0.004 per 2013 Investor 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 \$6.40 per share with an average trading volume of 50,000 shares per day, and (ii) the underlying shares of common stock are registered for resale.

As a result of the financing completed by the Company during the three months ended September 30, 2015, the exercise price of all of the 2013 Investor Warrants was reduced from \$3.20 to \$3.14. As a result of the financing completed by the Company during the three months ended September 30, 2017, the exercise price of certain of the 2013 Investor Warrants was further reduced from \$3.14 to \$2.68. The change in exercise price did not result in a material change in the fair value of the derivative liability. All of the 2013 Investor Warrants giving rise to their respective portion of the derivative liability have expired as of March 31, 2018. As a result, they are no longer accounted for as a derivative liability.

### **2013 Investor Warrant exercises**

During the nine months ended March 31, 2017, 65,095 of the 2013 Investor Warrants were exercised for 65,095 shares of common stock at an exercise price of \$3.14 per share. The Company received proceeds of \$204,659 from these exercises. The 2013 Investor Warrants that have been exercised were revalued at their respective exercise dates and then the reclassification to equity was recorded resulting in \$238,474 of the derivative liability being reclassified to equity.

There were no exercises of 2013 Investor Warrants during the three or nine months ended March 31, 2018 nor the three months ended March 31, 2017.

#### 2013 Investor Warrant amendments

During the year ended June 30, 2016, the Company entered into amendments (the “2013 Investor Warrant Amendments”) with the holders of certain of the 2013 Investor Warrants to extend the expiration date to March 31, 2019 and remove the provision requiring an adjustment of the warrant exercise price in the event the Company sells common stock at a purchase price lower than the current warrant exercise price.

During the nine months ended March 31, 2017, 15,944 of the 2013 Investor Warrants were amended. The warrants that have been amended were revalued at their respective amendment dates and then the reclassification to equity was recorded resulting in \$53,006 of the derivative liability being reclassified to equity.

There were no amendments of the 2013 Investor Warrants during the three months or nine months ended March 31, 2018 nor during the three months ended March 31, 2017.

#### **2015 Agent Warrants**

As part of a financing completed by the Company in a prior period, the Company issued warrants to purchase 23,477 shares of common stock to certain placement agents (“2015 Agent Warrants”) and recognized them as a derivative liability of \$29,594 at the time of issuance. The 2015 Agent Warrants are exercisable at a per share price equal to \$3.00 until July 15, 2020. During the nine months ended March 31, 2017, 680 of the 2015 Agent Warrants were exercised for cash proceeds of \$2,040 and 1,000 of the 2015 Agent Warrants were exercised on a cashless basis for 594 shares of common stock. The total reclassification to equity subsequent to revaluation at the respective exercise dates was \$9,935.

There were no exercises of the 2015 Agent Warrants during the three and nine months ended March 31, 2018 nor the three months ended March 31, 2017.

The Company’s derivative liability is summarized as follows:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	5,549	171,211
Change in fair value of warrants	(2,160)	77,479
<b>Closing balance</b>	3,389	248,690
Less current portion	(5)	(157,145)
<b>Long term portion</b>	<u>3,384</u>	<u>91,545</u>
	<b>Nine months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	61,228	693,700
Change in fair value of warrants	(57,839)	(143,595)
Reclassification to equity upon amendment of warrants	-	(53,006)
Reclassification to equity upon exercise of warrants	-	(248,409)
<b>Closing balance</b>	3,389	248,690
Less current portion	(5)	(157,145)
<b>Long term portion</b>	<u>3,384</u>	<u>91,545</u>

The derivative liability consists of the following warrants:

	<b>March 31, 2018</b>	
	<b>Number of warrants</b>	<b>\$</b>
Warrants issued for services	43,750	5
2015 Agent Warrants	<u>21,768</u>	<u>3,384</u>
<b>Closing balance</b>	65,518	3,389
Less current portion	<u>(43,750)</u>	<u>(5)</u>
<b>Long-term portion</b>	<u><u>21,768</u></u>	<u><u>3,384</u></u>

#### Selected Quarterly Information

The financial information reported herein has been prepared in accordance with accounting principles generally accepted in the United States. The Company's functional currency at March 31, 2018 is the US\$. The following tables represent selected financial information for the Company for the periods presented.

#### Selected Balance Sheet Data

	<b>March 31, 2018</b>	<b>June 30, 2017</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	8,506,922	6,586,014
Working capital	7,628,044	6,566,371
Total assets	9,676,838	7,911,021
Derivative liability	3,389	61,228
Total stockholders' equity	7,659,730	6,578,524

#### Selected Statement of operations data

#### For the three months ended:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	<b>\$</b>	<b>\$</b>
Research and development	1,779,609	1,086,107
General and administrative	1,155,038	698,125
Change in fair value of stock option and derivative liabilities	(2,160)	77,479
Foreign exchange loss	6,420	6,897
Interest income	(5,850)	(148)
Net and comprehensive loss for the period	<u>2,933,057</u>	<u>1,868,460</u>
Series B preferred stock dividend	46,626	209,811
Net and comprehensive loss available to common stockholders	<u>2,979,683</u>	<u>2,078,271</u>
Basic weighted average number of shares outstanding	22,832,445	11,574,052
Basic loss per share	0.13	0.18

**For the nine months ended:**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	<b>\$</b>	<b>\$</b>
Research and development	5,856,197	2,939,746
General and administrative	2,911,538	2,586,050
Change in fair value of stock option and derivative liabilities	(57,839)	(58,501)
Foreign exchange loss	57,406	13,726
Interest income	(6,241)	(249)
Net and comprehensive loss for the period	8,761,061	5,480,772
Series B Preferred stock dividend	142,358	676,865
Net and comprehensive loss available to common stockholders	8,903,419	6,157,637
Basic weighted average number of shares outstanding	20,179,765	11,432,376
Basic loss per share	0.44	0.54

**Expenses net of share-based payments**

The following table discloses research and development, and general and administrative expenses net of share-based payment expenses.

**For the three months ended:**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	<b>\$</b>	<b>\$</b>
Research and development	1,779,609	1,086,107
Share-based (expenses) recovery included in research and development	(13,966)	(117,775)
Research and development net of non-cash	<u>1,765,643</u>	<u>968,332</u>
General and administrative	1,155,038	698,125
Share-based (expenses) recovery included in general and administrative	(284,836)	(62,356)
General and administrative net of non-cash	<u>870,202</u>	<u>635,769</u>

**For the nine months ended:**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	<b>\$</b>	<b>\$</b>
Research and development	5,856,197	2,939,746
Share-based (expenses) recovery included in research and development	(135,367)	(107,885)
Research and development net of non-cash	<u>5,720,830</u>	<u>2,831,861</u>
General and administrative	2,911,538	2,586,050
Share-based (expenses) recovery included in general and administrative	(455,331)	(643,107)
General and administrative net of non-cash	<u>2,456,207</u>	<u>1,942,943</u>

## Results of Operations

### Comparison of the three months ended March 31, 2018 and March 31, 2017

	Three Months Ended		Change \$	Change %
	March 31, 2018 \$	March 31, 2017 \$		
Research and development	1,779,609	1,086,107	693,502	64
General and administrative	1,155,038	698,125	456,913	65
Change in fair value of stock option and derivative liabilities	(2,160)	77,479	(79,639)	(101)
Foreign exchange loss	6,420	6,897	(477)	(7)
Interest income	(5,850)	(148)	(5,702)	3,853
Net loss and comprehensive loss	2,933,057	1,868,460	1,064,597	

#### *Research and Development*

Research and development expenses increased to \$1,779,609 for the three months ended March 31, 2018 from \$1,086,107 for the three months ended March 31, 2017. The increase was primarily attributable to an increase in clinical development costs with a smaller increase due to preclinical research expenses. These increases were partially offset by a reduction in non-cash expenses during the three months ended March 31, 2018 compared to the three months ended March 31, 2017. For the three months ended March 31, 2018, non-cash expense related to shares issued for services and stock option expense while for the three months ended March 31, 2017, non-cash expense related to stock option expense only.

Excluding the impact of non-cash expense, research and development expenses increased to \$1,765,643 during the three months ended March 31, 2018 from \$968,332 for the three months ended March 31, 2017. The increase in clinical development costs for the three months ended March 31, 2018 compared to the three months ended March 31, 2017 was primarily due to manufacturing costs for GMP drug product as well as ongoing trial costs for the Company's two Phase 2, biomarker-driven studies. In addition, the Company recognized certain costs relating to the parking of its STAR-3, Phase 3 trial during the current quarter. The Company expects that by the end of its fiscal year at June 30, 2018, the majority of the GMP manufacturing costs will have been recognized. In addition, since the Company's two Phase 2, biomarker-driven studies are supported through collaboration arrangements, the ongoing clinical costs for these two studies will be lower than the overall clinical costs incurred by the Company for the quarters ended March 31, 2018 and June 30, 2018. Preclinical research increased in the three months ended March 31, 2018 compared to the three months ended March 31, 2017 largely due to the Company's research agreement with Duke University which commenced in April 2017.

#### *General and Administrative*

General and administrative expenses were \$1,155,038 for the three months ended March 31, 2018 compared to \$698,125 for the three months ended March 31, 2017. The increase was primarily due to an increase in professional fees, personnel, and non-cash expenses. In relation to general and administrative expenses during the three months ended March 31, 2018, the Company recognized stock option expense and warrants issued for services of \$284,836 while during the three months ended March 31, 2017 the Company incurred non-cash expenses relating to stock option expense and warrants issued for services of \$62,356.

Excluding the impact of non-cash expenses, general and administrative expenses increased in the three months ended March 31, 2018 to \$870,202 from \$635,769 for the three months ended March 31, 2017. Professional fees increased during the three months ended March 31, 2018 compared to the three months ended March 31, 2017 primarily due to preparation for the Company's first annual meeting of shareholders which was held on April 11, 2018 as well as to increased investor relations and business development efforts. Personnel costs increased during the three months ended March 31, 2018 compared to the three months ended March 31, 2017 due in part to payments owing to the Company's former President and Chief Operating Officer pursuant to the settlement agreement.

#### *Change in fair value of stock option and derivative liabilities*

Based on the terms of certain warrants issued by the Company, the Company determined that such 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 consolidated condensed statement of loss and comprehensive loss. The balances recognized during the three months ended March 31, 2018 and 2017 were primarily due to changes in the Company's common stock price between the date the warrants were last valued on December 31, 2017 and 2016, respectively, which are the previous valuation dates used for the three month periods ended March 31.

The Company recognized a gain of \$2,160 from the change in fair value of the derivative liability for the three months ended March 31, 2018, compared to a loss of \$77,479 for the three months ended March 31, 2017.

Changes in the Company's common stock price can result in significant volatility in the Company's reported net loss due to its impact on the fair value of the derivative liability. As a result of revaluation gains and losses, the Company expects that its reported net income or loss will continue to fluctuate significantly.

#### *Foreign Exchange*

The Company's functional currency at March 31, 2018 is the US\$ but the Company incurs a portion of its expenses in CA\$. The foreign exchange gains and losses are reported in other loss (income) in the consolidated condensed interim statement of loss and comprehensive loss.

The Company recognized a foreign exchange loss of \$6,420 for the quarter ended March 31, 2018 compared to a loss of \$6,897 for the quarter ended March 31, 2017. The change was due to changes in the exchange rate between the CA\$ and the US\$ and to varying levels of CA\$ cash and accounts payable.

#### *Preferred Stock Dividends*

For each of the three months ended March 31, 2018 and 2017, the Company recognized \$2,089 related to the dividend payable to Valent on the Series A preferred stock. The dividend has been recorded as a direct increase in accumulated deficit for both periods.

The Company issued 49,602 (2017 – 49,955) shares of common stock on March 31, 2018 as a dividend on the Series B preferred stock and recognized \$46,626 (2017 - \$209,811) as a direct increase in accumulated deficit.

#### **Comparison of the nine months ended March 31, 2018 and March 31, 2017**

	<b>Nine months ended</b>		<b>Change \$</b>	<b>Change %</b>
	<b>March 31, 2018 \$</b>	<b>March 31, 2017 \$</b>		
Research and development	5,856,197	2,939,746	2,916,451	99
General and administrative	2,911,538	2,586,050	325,488	13
Change in fair value of stock option and derivative liabilities	(57,839)	(58,501)	662	(1)
Foreign exchange loss	57,406	13,726	43,680	318
Interest income	(6,241)	(249)	(5,992)	2,406
Net loss and comprehensive loss	8,761,061	5,480,772	3,280,289	



### *Research and Development*

Research and development expenses increased to \$5,856,197 for the nine months ended March 31, 2018 from \$2,939,746 for the nine months ended March 31, 2017. The increase was largely attributable to an increase in clinical development costs with smaller increases due to personnel and preclinical research. Non-cash expense for the nine months ended March 31, 2018 was \$135,367 while non-cash expense for the nine months ended March 31, 2017 was \$107,885.

Excluding the impact of non-cash expense, research and development expenses increased to \$5,720,830 during the current period from \$2,831,861 for the prior period. The increase in clinical development costs for the nine months ended March 31, 2018 compared to the nine months ended March 31, 2017 was partially due to manufacturing costs for GMP drug product as well as ongoing trial costs for the Company's two Phase 2, biomarker-driven studies. At March 31, 2017, the Company's Phase 2 study in Avastin-naïve unmethylated GBM patients being conducted at the MD Anderson Cancer Center commenced in February 2017 so patient enrollment had just begun. Also, in the prior quarter, enrollment in the Company's Phase 2 study in newly diagnosed GBM patients had not yet started enrollment.

During the nine months ended March 31, 2018, the Company undertook site initiation and enrollment for its now-parked STAR-3, Phase 3 study in GBM. At March 31, 2018, the Company recognized certain costs relating to the parking of the trial.

The Company expects that by the end of its fiscal year at June 30, 2018, the majority of the GMP manufacturing costs will have been recognized. In addition, since the Company's two Phase 2, biomarker-driven studies are supported through collaboration arrangements, the ongoing clinical costs for these two studies will be lower than the overall clinical costs incurred by the Company for the quarters ended March 31, 2018 and June 30, 2018.

Personnel costs increased during the current period compared to the prior quarter primarily due to payments owing to the Company's former President and Chief Operating Officer pursuant to a settlement agreement between the Company and such individual. Preclinical research increased in the nine months ended March 31, 2018 compared to the nine months ended March 31, 2017 largely due to the Company's research agreement with Duke University which commenced in April 2017 as well due to an increase in the ongoing mechanism of action research that the Company has undertaken in the current period.

### *General and Administrative*

General and administrative expenses were \$2,911,538 for the nine months ended March 31, 2018 compared to \$2,586,050 for the nine months ended March 31, 2017. The increase was primarily due to an increase in professional fees and personnel costs partially offset by a decrease in non-cash expenses in the current period compared to the prior period. In relation to general and administrative expenses during the nine months ended March 31, 2018, the Company incurred non-cash expenses of \$455,331 relating to warrants issued for services and stock option expense while during the nine months ended March 31, 2017, the Company incurred non-cash expenses of \$643,106 relating to shares and warrants issued for services, and stock option expense.

Excluding the impact of non-cash expenses, general and administrative expenses increased in the nine months ended March 31, 2018 to \$2,456,207 from \$1,942,944 for the nine months ended March 31, 2017. Professional fees incurred during the nine months ended March 31, 2018 relate to various matters including preparation for the Company's annual meeting of stockholders which was held April 11, 2018, completing the Company's 2017 Omnibus Incentive Plan, regulatory filings, and corporate governance matters. In the nine months ended March 31, 2017, the costs were incurred related to preparing for the Company's uplisting of its common stock on the Nasdaq Stock Market as well as fees associated with one-time listing activities, and the filing of three registration statements with the SEC that were all declared effective in September 2016. Personnel costs increased during the current period compared to the prior period primarily due to payments owing to the Company's former President and Chief Operating Officer pursuant to the settlement agreement.

### *Change in fair value of stock option and derivative liabilities*

Based on the terms of certain warrants issued by the Company, the Company determined that such 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 consolidated condensed statement of loss and comprehensive loss. The balances recognized during the nine months ended March 31, 2018 and 2017 were primarily due to changes in the Company's common stock price between the date the warrants were last valued on June 30, 2017 and 2016, respectively, which are the valuation dates used for the periods ended March 31.

The Company recognized a gain of \$57,839 from the change in fair value of the derivative liability for the nine months ended March 31, 2018 and a gain of \$58,501 for the nine months ended March 31, 2017.

Changes in the Company's common stock price can result in significant volatility in the Company's reported net loss due to its impact on the fair value of the derivative liability. As a result of revaluation gains and losses, the Company expects that its reported net income or loss will continue to fluctuate significantly.

Certain of the Company's stock options have been issued in \$CA. Of these, a portion were classified as a stock option liability which is revalued at each reporting date. During the nine months ended March 31, 2017, the Company amended 43,750 of these stock options held by five optionees such that the exercise price of the options was adjusted to be denominated in \$USD. No other terms of the stock options were amended. As a result of the amendment, the Company recognized \$85,094 in stock option liability expense and \$260,969 was reclassified to equity during the nine months ended March 31, 2017.

### *Foreign Exchange*

The Company's functional currency at March 31, 2018 was the US\$, but the Company incurs a portion of its expenses in CA\$. The foreign exchange gains and losses are reported in other loss (income) in the consolidated condensed interim statement of loss and comprehensive loss.

The Company recognized foreign exchange losses of \$57,406 and \$13,726 for the nine months ended March 31, 2018 and 2017, respectively. The losses were due to changes in the exchange rate between the CA\$ and the US\$ and to varying levels of CA\$ cash and accounts payable.

### *Preferred Share Dividends*

For each of the nine months ended March 31, 2018 and 2017, the Company recognized \$6,267 related to the dividend payable to Valent on the Series A preferred stock. The dividend has been recorded as a direct increase in accumulated deficit for both periods.

The Company issued 148,806 (2017 – 150,844) shares of common stock on March 31, 2018 as a dividend on the Series B Preferred stock and recognized \$142,358 (2017 - \$676,865) as a direct increase in accumulated deficit.

## **Liquidity and Capital Resources**

### **Nine months ended March 31, 2018 compared to the nine months ended March 31, 2017**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>Change</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Cash flows from operating activities	(7,318,012)	(4,569,908)	(2,748,104)	60
Cash flows from investing activities	(12,649)	-	(12,649)	100
Cash flows from financing activities	9,251,569	513,050	8,738,519	1,703

### *Operating activities*

Net cash used in operating activities increased to \$7,318,012 for the nine months ended March 31, 2018 from \$4,569,908 for the nine months ended March 31, 2017. During the nine months ended March 31, 2018 and 2017, the Company reported net losses of \$8,761,061 and \$5,480,772, respectively. During the nine months ended March 31, 2018, the Company recorded a gain from the revaluation of the derivative and stock option liabilities of \$57,839 compared to a gain of \$58,501 for the nine months ended March 31, 2017. Excluding the impact of changes in the fair value of the derivative and stock option liabilities, non-cash items relating to amortization of intangible assets, shares and warrants issued for services, and stock option expense totaled \$608,567 for the nine months ended March 31, 2018. Non-cash items relating to amortization of intangible assets, shares and warrants issued for services, and stock option expense totaled \$762,566 for the nine months ended March 31, 2017. The most significant change in non-cash working capital for the nine months ended March 31, 2018 was cash from an increase in accounts payable and accrued liabilities of \$708,634 and from an increase in prepaid expenses of \$135,293. The most significant change in non-cash working capital for the nine months ended March 31, 2017 was cash from an increase in accounts payable and accrued liabilities of \$207,803.

### *Investing activities*

During the nine months ended March 31, 2018, the Company incurred \$12,649 in relation to the development of its website. There were no cash flows from investing activities during the nine months ended March 31, 2017.

### *Financing activities*

During the nine months ended March 31, 2018, the Company received \$8,945,336 in net proceeds from the completion of a registered direct offering by the Company of common stock and common stock purchase warrants. During the nine months ended March 31, 2018 and 2017, the Company received \$312,500 and \$545,022, respectively, from the exercise of warrants. In addition, the Company recognized \$6,267 related to the dividend payable to Valent during each of the nine months ended March 31, 2018 and 2017, respectively.

## **Liquidity Risk and Capital Expenditure Requirements**

### **Liquidity Risk**

(See note 1 to the consolidated condensed interim financial statements)

For the nine months ended March 31, 2018, the Company reported a loss of \$8,761,061 and the Company had an accumulated deficit of \$50,028,119 at that date. As at March 31, 2018, the Company had cash and cash equivalents on hand of \$8,506,922. During the nine months ended March 31, 2018, the Company received \$8,945,336 in net proceeds from a registered direct offering. Management believes, based on management's current estimates, that the Company will be able to fund its operations beyond the next twelve months.

The Company does not have the prospect of achieving revenues in the near future and the Company will require additional funding for its clinical trials, to maintain its research and development projects, and for general operations. There is a great degree of uncertainty with respect to the expenses the Company will incur in executing its business plan. Consequently, management continually evaluates various financing alternatives to fund the Company's operations so it can continue as a going concern in the medium to longer term.

There is no assurance that management's cost estimates will prove to be accurate or that unforeseen events, problems or delays will not occur with respect thereto. The ability of the Company to meet its obligations and continue the research and development of its product candidate beyond the next twelve months is dependent on its ability to continue to raise adequate financing. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. The Company may tailor its drug candidate development program based on the amount of funding the Company raises.

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;
- the economic and other terms and timing of any collaboration, licensing or other arrangements into which we may enter; and
- the impact of the Company being a public entity.

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. The sale of equity and convertible debt securities may result in dilution to our stockholders and certain of those securities may have rights senior to those of our shares of capital stock. If we raise additional funds through the issuance of preferred stock, convertible debt securities or other debt financing, these securities or other debt could contain covenants that would restrict our operations. Any other third-party funding arrangement could require us to relinquish valuable rights. Economic conditions may affect 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 seek a partner for 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.

#### **Critical Accounting Policies**

The preparation of financial statements, in conformity with generally accepted accounting principles in the United States, requires companies to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain and therefore actual results may differ from those estimates.

A detailed presentation of all of the Company's significant accounting policies and the estimates derived there from is included in Note 2 to the Company's consolidated financial statements for the year ended June 30, 2017 contained in our Form 10-K filed with the SEC on September 27, 2017. While all of the significant accounting policies are important to the Company's consolidated financial statements, the following accounting policies and the estimates derived therefrom are critical:

- Warrants and shares issued for services
- Stock options
- Derivative liability
- Clinical trial accruals

### Warrants and shares issued for services

Periodically, 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.

### 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 non-cash expenses. 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. As quoted prices for the derivative liability are not available, the Company uses a simulated probability valuation 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 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.

### Clinical trial accruals

Clinical trial expenses are a component of research and development costs and include fees paid to contract research organizations, investigators and other service providers who conduct specific research for 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 by maintaining regular communication with the service providers. Differences between actual expenses and estimated expenses recorded are adjusted for in the period in which they become known. 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.

### **Off-Balance Sheet Arrangements**

The Company does not have any off balance sheet arrangements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not required for a smaller reporting company.

### **Item 4. Controls and Procedures.**

#### **Disclosure Controls and Procedures**

Management, with the participation of the Interim Chief Executive Officer and Chief Financial Officer, conducted an evaluation (as required by Rule 13a-15 under the Exchange Act) of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report, due to the material weakness in internal control over financial reporting as discussed in the Company's Annual Report on Form 10-K for the year ended June 30, 2017, filed with the SEC on September 27, 2017.

#### **Changes in internal controls**

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

There are no legal proceedings the Company is party to or any of its property is subject to.

### Item 1A. Risk Factors.

Not required for a smaller reporting company.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended March 31, 2018, we issued 49,602 shares of common stock as dividends on our outstanding shares of Series B Preferred Stock and 4,071 shares of common stock in relation to services received by us. In addition, we granted stock options to purchase 300,000 shares of our common stock at an exercise price of \$1.17 per share and issued warrants to purchase an aggregate of 360,000 shares of our common stock at an exercise price of \$1.17 and warrants to purchase an aggregate of 60,000 shares of our common stock at an exercise price of \$1.78 for services to be rendered by consultants to us.

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

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

None.

### Item 6. Exhibits.

No.	Description
3.1	<a href="#">The Certificate of Amendment to the Articles of Incorporation, as amended, of DelMar Pharmaceuticals Inc., dated April 11, 2018 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on April 13, 2018).</a>
10.1+	<a href="#">Del Mar Pharmaceuticals (BC) Ltd. 2013 Amended and Restated Stock Option Plan*</a>
10.2+	<a href="#">Form of Del Mar Pharmaceuticals (BC) Ltd. 2013 Amended and Restated Stock Option Plan Option Grant Agreement*</a>
10.3+	<a href="#">Form of DelMar Pharmaceuticals, Inc. 2017 Omnibus Equity Incentive Plan Option Grant Agreement *</a>
31.1	<a href="#">Rule 13a-14(a)/ 15d-14(a) Certification of Chief Executive Officer*</a>
31.2	<a href="#">Rule 13a-14(a)/ 15d-14(a) Certification of Chief Financial Officer*</a>
32.1	<a href="#">Section 1350 Certification of Chief Executive Officer**</a>
32.2	<a href="#">Section 1350 Certification of Chief Financial Officer**</a>
EX-101.INS	XBRL INSTANCE DOCUMENT
EX-101.SCH	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
EX-101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.LAB	XBRL TAXONOMY EXTENSION LABELS LINKBASE
EX-101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

\*Filed herewith.

\*\*Furnished herewith.

+ Indicates management contract or compensatory plan.

**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 thereunto duly authorized.

**DelMar Pharmaceuticals, Inc.**

Date: May 15, 2018

By: /s/ Saiid Zarrabian  
Saiid Zarrabian  
Interim Chief Executive Officer  
(Principal Executive Officer)

Date: May 15, 2018

By: /s/ Scott Prail  
Scott Prail  
Chief Financial Officer  
(Principal Financial and Accounting Officer)



**DEL MAR PHARMACEUTICALS (BC) LTD.**  
**AMENDED AND RESTATED STOCK OPTION PLAN**

Approved by the Board of Directors of Del Mar Pharmaceuticals (BC) Ltd. on February 1, 2012, and by the Board of Directors of DelMar Pharmaceuticals, Inc., as amended and restated on August 16, 2013

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## STOCK OPTION PLAN

### ARTICLE 1 DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

- (a) “**Administrator**” means, initially, the President of the Company and thereafter will mean such director or other senior officer or employee of the Company or an affiliate of the Company as may be designated as Administrator by the Board from time to time.
- (b) “**affiliate**” has the meaning given to that term under the *Business Corporations Act* (British Columbia).
- (c) “**Award Date**” means the date on which the Board awards a particular Option or such other effective award date determined by the Board.
- (d) “**Board**” means the board of directors of the Company, or any committee thereof to which the board of directors of the Company has delegated the power to administer and grant Options under the Plan.
- (e) “**Cashless Exercise**” has the meaning given to that term under section 4.2.
- (f) “**Cause**” means:
  - (i) Cause as such term is defined in the written employment agreement between the Option Holder and the Company or an affiliate of the Company; or
  - (ii) in the event there is no written employment agreement between the Option Holder and the Company or an affiliate of the Company or Cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the Option Holder is employed.
- (g) “**Consultant**” means any Person, such as a service provider pursuant to a consulting or services agreement between such Person and the Company or an affiliate of the Company, as may, from time to time, be permitted or not precluded by the rules and policies of the applicable Regulatory Authorities to be granted Options.
- (h) “**Company**” means Del Mar Pharmaceuticals (BC) Ltd., a company incorporated under the laws of British Columbia.
- (i) “**Compensation Committee**” means the compensation committee of the Company, if and as constituted from time to time.
- (j) “**Convertible Shares**” has the meaning given to that term under section 3.4(e).
- (k) “**Director**” means any individual holding the office of director of the Company or an affiliate of the Company.

- (l) “**Effective Amendment Date**” means August 16, 2013.
- (m) “**Employee**” means any individual regularly employed on a full-time basis by the Company or an affiliate of the Company as may, from time to time, be permitted or not precluded by the rules and policies of the applicable Regulatory Authorities to be granted Options.
- (n) “**Equity Securities**” means:
  - (i) Shares or any other security of Parent that carries the residual right to participate in the earnings of Parent and, on liquidation, dissolution or winding-up, in the assets of Parent, whether or not the security carries voting rights;
  - (ii) any warrants, options or rights entitling the holders thereof to purchase or acquire any such securities; or
  - (iii) any securities issued by Parent which are convertible or exchangeable into such securities.
- (o) “**Exercise Notice**” means the notice respecting the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder.
- (p) “**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date.
- (q) “**Exercise Price**” means the price at which an Option may be exercised as determined in accordance with section 3.5.
- (r) “**Expiry Date**” means the date determined in accordance with section 3.4 and after which a particular Option cannot be exercised.
- (s) “**Fixed Expiry Date**” has the meaning given to that term under section 3.4.
- (t) “**Fully Diluted Basis**” means, at any time, the number of issued and outstanding Parent Shares assuming all options, warrants or other convertible securities or instruments or other rights to acquire Parent Shares have been exercised or converted, as applicable, in full, regardless of whether any such options, warrants, convertible securities or instruments or other rights are then vested or exercisable or convertible in accordance with their terms.
- (u) “**Market Value**” means the market value of the Parent Shares as determined in accordance with section 3.5.
- (v) “**Option**” means an option to acquire Parent Shares, awarded to a Director, Employee or Consultant under the Plan.
- (w) “**Option Certificate**” means the certificate, in the form set out as Schedule A hereto, evidencing an Option.

- (x) “**Option Holder**” means a Director, Employee or Consultant, or former Director, Employee or Consultant, who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (y) “**Parent**” means DelMar Pharmaceuticals, Inc., a company incorporated under the laws of the state of Nevada.
- (z) “**Parent Shares**” means shares of common stock of Parent, par value US\$0.001 per share.
- (aa) “**Person**” means any individual, partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, trust, trustee, executor, administrator, or other legal personal representatives, regulatory body or agency, government or governmental agency, authority or entity howsoever designated or constituted.
- (bb) “**Personal Representative**” means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (cc) “**Plan**” means this amended and restated stock option plan.
- (dd) “**Purchaser**” has the meaning given to that term under section 3.4(e).
- (ee) “**Regulatory Authorities**” means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company.
- (ff) “**Selling Shareholders**” has the meaning given to that term under section 3.4(e).
- (gg) “**Shares**” means Parent Shares or shares of any other class in the share capital of Parent from time to time.
- (hh) “**Substantial Sale**” has the meaning given to that term under section 3.4(e).
- (ii) “**Termination Date**” means:
  - (i) in the case of the resignation of the Option Holder’s employment or the termination of the Option Holder’s consulting or service contract by the Option Holder, the date that the Option Holder provides notice of such resignation or termination to the Company or an affiliate of the Company; or
  - (ii) in the case of the termination of the Option Holder’s employment or consulting or service contract by the Company or an affiliate of the Company for any reason other than death or disability, the date that the Company or an affiliate of the Company delivers written notice of termination of the Option Holder’s employment or consulting or service contract to the Option Holder; or

- (iii) in the case of the expiry of a fixed-term employment or consulting or service contract that is not renewed or extended, the last day of the term.
- (jj) “**Transfer**” includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of a security interest or other arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntarily and whether or not for value, and any agreement to effect any of the foregoing, including any sale or exchange pursuant to a plan of arrangement, merger, consolidation, acquisition or similar transaction; and the words “**Transferred**”, “**Transferring**” and similar words have corresponding meanings.

## **1.2 Choice of Law**

The Plan is established under, and the provisions of the Plan will be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia.

## **1.3 Effective Amendment Date**

This Plan has been amended and restated with effect from the Effective Amendment Date.

## **1.4 Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

# **ARTICLE 2 PURPOSE AND PARTICIPATION**

## **2.1 Purpose**

The purpose of the Plan is to provide the Company and Parent with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants, to reward such of those Directors, Employees and Consultants as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and Parent and to enable and encourage such Directors, Employees and Consultants to acquire Parent Shares as long term investments.

## **2.2 Participation**

If the Board has constituted a Compensation Committee, the Compensation Committee will, from time to time, recommend to the Board those Directors, Employees and Consultants, if any, to whom Options should be awarded. The Board will, from time to time and in its sole discretion, taking into account any recommendations of the Compensation Committee, determine those Directors, Employees and Consultants, if any, to whom Options are to be awarded. The Board may, in its sole discretion, grant the majority of the Options to insiders of the Company or of an affiliate of the Company.

### **2.3 Notification of Award**

Following the approval by the Board of the awarding of an Option, the Administrator will notify the Option Holder in writing of the award and will enclose with such notice the Option Certificate (or a copy thereof) representing the Option so awarded.

### **2.4 Copy of Plan**

Each Option Holder, concurrently with the notice of the award of the Option, will be provided with a copy of the Plan. A copy of any amendment to the Plan will be promptly provided by the Administrator to each Option Holder.

### **2.5 Limitation**

The Plan does not give any Option Holder that (i) is a Director the right to serve or continue to serve as a Director of the Company or an affiliate of the Company, (ii) is an Employee the right to be or to continue to be employed with the Company or an affiliate of the Company or (iii) is a Consultant the right to have a consulting relationship with the Company or an affiliate of the Company or provide services to the Company or an affiliate of the Company.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **3.1 Parent's Board to Issue Parent Shares**

The Parent Shares to be issued to Option Holders upon the exercise of Options will be authorized and unissued Parent Shares, the issuance of which will have been authorized by Parent's board of directors.

### **3.2 Number of Parent Shares**

Subject to adjustment as provided for in section 3.9 of the Plan, the number of Parent Shares that will be available for Directors, Employees and Consultants to acquire pursuant to Options granted under the Plan will not exceed 7.5% of the number of issued and outstanding Parent Shares on a Fully Diluted Basis as at the time of grant and the maximum number of Parent Shares that will be available for Employees to acquire pursuant to ISOs (as defined in section 3.11 of this Plan) will not exceed 5% of the number of issued and outstanding Parent Shares on a Fully Diluted Basis at the time of grant. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Parent Shares in respect of which the Option was not exercised will again be available for the purposes of the Plan.

### **3.3 Term of Option**

An Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.

### 3.4 Termination

The Expiry Date of an Option will be the earlier of the date that is the tenth anniversary of the Award Date of such Option, or such other date so fixed by the Board at the time the particular Option is awarded provided that such date will be no later than the tenth anniversary of the Award Date of such Option (the “**Fixed Expiry Date**”), or the date established, if applicable, in subsections (a) to (e) below:

(a) Death

In the event that the Option Holder should die while he or she is a Director (if he or she holds his or her Option as a Director) or Employee (if he or she holds his or her Option as an Employee) or Consultant (if he or she holds his or her Option as a Consultant), the Expiry Date for any vested portion or portions of the Option will be the date that is twelve months after the date of the Option Holder’s death. The Expiry Date for any unvested portion of the Option will be the date of the Option Holder’s death.

(b) Disability

In the event that the Option Holder becomes permanently disabled while he or she is a Director (if he or she holds his or her Option as a Director) or Employee (if he or she holds his or her Option as an Employee) or Consultant (if he or she holds his or her Option as a Consultant) and ceases to be a Director, Employee or Consultant as a result of the permanent disability, the Expiry Date for any vested portion or portions of the Option will be the date that is six months after the date that the Option Holder ceases to be a Director, Employee or Consultant, as the case may be. The Expiry Date for any unvested portion of the Option will be the date that the Option Holder ceases to be a Director, Employee or Consultant, as the case may be.

(c) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as a Director and such Option Holder ceases to be a Director other than by reason of death or permanent disability, the Expiry Date for any vested portion or portions of the Option will be, unless otherwise provided for in the Option Certificate:

- (i) the 90th day following the date that the Option Holder ceases to be a Director; or
- (ii) a date determined by the Board, in its sole discretion, that is on or before the date that is five years from the date that such Option Holder ceases to be a Director;

unless the Option Holder ceases to be a Director as a result of:

- (iii) ceasing to meet the qualifications required under applicable laws;
- (iv) being removed from office in accordance with applicable laws; or
- (v) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the date that the Option Holder ceases to be a Director. The Expiry Date for any unvested portion of the Option will be the date that the Option Holder ceases to be a Director.



(d) Ceasing to be an Employee or Consultant

In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to be an Employee or Consultant other than by reason of death or permanent disability, the Expiry Date of any vested portion or portions of the Option will be the 90th day following the Termination Date unless the Option Holder ceases to be an Employee or Consultant as a result of:

- (i) termination of employment for Cause (if he or she holds his or her Option as an Employee); or
- (ii) termination for failure to fulfil services pursuant to a consulting or services agreement (if he or she holds his or her Option as a Consultant); or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the Termination Date. The Expiry Date for any unvested portion of the Option will be the Termination Date.

(e) Substantial Sale

If security holders of Parent (the “**Selling Shareholders**”) have agreed to Transfer to a Person, or Persons acting jointly or in concert, (a “**Purchaser**”), Equity Securities representing more than 66 2/3% of the Parent Shares (a “**Substantial Sale**”) and the Purchaser also offers to buy the Options of an Option Holder, then the Option Holder must sell any Options which remain outstanding at the completion of the Substantial Sale to the Purchaser at a price equal to:

The number of Shares then Exercisable under the Option	X	The price per Share being paid by the Purchaser to the Selling Shareholder minus the exercise price per Share under the Option
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and on otherwise similar terms and conditions as are applicable under the Substantial Sale. If the Selling Shareholders have agreed to sell Equity Securities which are convertible into Shares only (“**Convertible Shares**”), the price per Share applicable in the above formula will be calculated on an as converted basis (and if there is more than one conversion rate applicable to different classes or series of Convertible Shares outstanding, the conversion will be computed on a pro rata basis based upon the ratio of the number of Shares which holders of each class or series of Convertible Shares may acquire to the total number of Shares which all holders of all classes and series of Convertible Shares may acquire).

If the Purchaser offers to buy the Options of an Option Holder and the Option Holder does not sell the Option Holder’s Options to the Purchaser as contemplated above, then that Option Holder’s Options will expire, terminate and be cancelled on completion of the Substantial Sale.

Notwithstanding section 3.4(e) above, the Board may, in a manner no less favourable from a financial point of view to an Option Holder than the treatment provided in section 3.4(e) above, determine the manner in which all unexercised Options granted under this Plan will be treated in the event of a Substantial Sale including, without limitation, determining to accelerate the vesting of all unvested Options.

Notwithstanding anything else contained in the Plan and subject to any necessary approval from Parent's shareholders and the Regulatory Authorities, the Board may in its discretion (i) extend the Expiry Date of any Option, provided that in no case will an Option be exercisable later than the tenth anniversary of the Award Date of the Option or (ii) accelerate the vesting terms applicable to an Option.

### **3.5 Exercise Price**

The price at which an Option Holder may purchase a Parent Share upon the exercise of an Option will be as set forth in the Option Certificate issued in respect of such Option and in any event will not be less than the Market Value of the Parent Shares as of the Award Date. The Market Value of the Parent Shares for any particular date will be determined as follows:

- (a) for each organized trading facility on which the Parent Shares are listed, Market Value will be determined by a resolution of the Board and must be either:
  - (i) the closing trading price of the Parent Shares on the last trading day immediately preceding such date; or
  - (ii) a value that is within the parameters set by the guidelines or policies of such organized trading facility;
- (b) Reserved.
- (c) if the Parent Shares are listed on more than one organized trading facility, then Market Value will be the greatest of the Market Values determined for each organized trading facility on which those Parent Shares are listed as determined for each organized trading facility in accordance with subsections (a) and (b) above; and
- (d) if the Parent Shares are listed on one or more organized trading facility but have not traded during the ten trading day period immediately preceding such date, then the Market Value will be, subject to the necessary approvals of the applicable Regulatory Authorities, such value as is determined by resolution of the Board.

Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities as would apply to the Award Date in question.

### **3.6 Additional Terms**

Subject to all applicable securities laws and regulations and the rules and policies of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) providing that an Option expires on a date other than as provided for herein, provided that in no case will an Option be exercisable later than the tenth anniversary of the Award Date of the Option;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events other than as provided for herein; and
- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events, such as a friendly or hostile takeover bid for the Company.

### **3.7 Going Public Agreements**

If Parent proceeds to list its Shares on a public stock exchange or commences a public offering, each Option Holder will promptly enter into all such escrow, pooling or other agreements as are required by the securities regulatory authorities, the exchange, the agents or the underwriters in connection with such listing or public offering.

### **3.8 Assignment of Options**

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by section 4.1, exercise the Option within the Exercise Period.

### **3.9 Adjustments**

If, prior to the complete exercise of an Option, the Parent Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively, the “**Event**”), an Option, to the extent that it has not been exercised, will be adjusted by the Board in accordance with such Event in the manner the Board deems appropriate. No fractional Parent Shares will be issued upon the exercise of an Option and accordingly, if as a result of the Event, an Option Holder would become entitled to a fractional Parent Share, such Option Holder will have the right to purchase only the next lowest whole number of Parent Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

### **3.10 Vesting Terms**

Unless otherwise determined by the Board in accordance with the terms and conditions of this Plan, Options will be granted by the Board on the following basis:

- (a) any Option granted to a Director will vest over a one year period on a monthly basis in equal portions such that 1/12 of the Option will vest at the end of the first month following the Award Date, another 1/12 of the Option will vest at the end of the second month, and so forth, until the Option is fully vested; and
- (b) any Option granted to an Employee will vest over a three year period on a monthly basis in equal portions such that 1/36 of the Option will vest at the end of the first month following the Award Date, another 1/36 of the Option will vest at the end of the second month, and so forth, until the Option is fully vested.

For clarity, the Board may deviate from the terms of this section 3.10 with respect to the grant of Options provided that such grant is made in accordance with the other terms of this Plan.

### 3.11 U.S. Participants

Any Option granted under the Plan to an Option Holder who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction) (a “**U.S. Participant**”) may be an incentive stock option (an “**ISO**”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, of the United States (the “**Code**”), but only if so designated by the Company in the agreement evidencing such Option. No provision of this Plan, as it may be applied to a U.S. Participant with respect to Options which are designated as ISOs, shall be construed so as to be inconsistent with any provision of Section 422 of the Code or the Treasury Regulations thereunder. Grants of Options to U.S. Participants which are not designated as or otherwise do not qualify as ISOs will be treated as nonstatutory stock options for U.S. federal tax purposes. Notwithstanding anything in this Plan contained to the contrary, the following provisions shall apply to ISOs granted to each U.S. Participant:

- (a) ISOs shall only be granted to individual U.S. Participants who are, at the time of grant, employees of the Company or an affiliate of the Company within the meaning of the Code. Any director of the Company or an affiliate of the Company who is a U.S. Participant shall be ineligible to vote upon the granting of such Option;
- (b) the aggregate fair market value (determined as of the time an ISO is granted) of the Parent Shares subject to ISOs exercisable for the first time by a U.S. Participant during any calendar year under this Plan and all other stock option plans, within the meaning of Section 422 of the Code, of the Company shall not exceed One Hundred Thousand Dollars in U.S. funds (U.S.\$100,000);
- (c) the Exercise Price for Parent Shares under each ISO granted to a U.S. Participant pursuant to this Plan shall be not less than fair market value of such Parent Shares at the time the Option is granted, as determined in good faith by the Board at such time (unless such ISO is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code);
- (d) if any U.S. Participant to whom an ISO is to be granted under the Plan at the time of the grant of such ISO is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of Parent, then the following special provisions shall be applicable to the ISO granted to such individual:
  - (i) the Exercise Price (per share) subject to such ISO shall not be less than one hundred ten percent (110%) of the fair market value of one Parent Share at the time of grant; and
  - (ii) for the purposes of this section 3.11 only, the Exercise Period shall not exceed five (5) years from the date of grant;
- (e) no ISO may be granted hereunder to a U.S. Participant following the expiration of ten (10) years after the date on which this Plan is adopted by the Company or the date on which the Plan is approved by the shareholders of Parent, whichever is earlier; and
- (f) no ISO granted to a U.S. Participant under the Plan shall become exercisable unless and until the Plan shall have been approved by the shareholders of Parent.

## ARTICLE 4 EXERCISE OF OPTION

### 4.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. Subject to section 4.2, an Option Holder or the Personal Representative of the Option Holder may exercise the vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to “**DelMar Pharmaceuticals, Inc.**” in an amount equal to the aggregate Exercise Price of the Parent Shares to be purchased pursuant to the exercise of the Option or consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan.

### 4.2 Cashless Exercise

Notwithstanding section 4.1, in lieu of paying the Exercise Price for Shares to be issued pursuant to the exercise of an Option, the Option Holder or the Personal Representative of the Option Holder that is entitled to exercise an Option may elect to receive a number of Parent Shares subject to the Option determined by (i) subtracting the Exercise Price under the Option from the Market Price of the Parent Shares as of the date of exercise, (ii) multiplying the difference by the number of Parent Shares in respect of which the Option Holder or Personal Representative, as the case may be, wishes to exercise the Option and (iii) dividing that product by the Market Price of the Parent Shares as of the date of exercise, rounded down to the next lowest whole number of Parent Shares (the “**Cashless Alternative**”). Upon making an election pursuant to this section 4.2, the Option Holder or Personal Representative, as the case may be, shall make payment of the aggregate Exercise Price of the Parent Shares to be so purchased by exchanging the Option or the portion of the Option being exercised for such number of Parent Shares.

### 4.3 Issue of Share Certificates

As soon as practicable following the receipt of the Exercise Notice, the Administrator will, in his sole discretion, either cause to be delivered to the Option Holder a certificate for the Parent Shares purchased by the Option Holder. If the number of Parent Shares in respect of which the Option was exercised is less than the number of Parent Shares subject to the Option Certificate surrendered, the Administrator will forward a new Option Certificate (or a copy thereof) to the Option Holder concurrently with delivery of the share certificate for the balance of the Parent Shares available under the Option.

### 4.4 Condition of Issue

The Options and the issue of Parent Shares pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Options and the issuance and distribution of such Parent Shares, and to all applicable securities laws and regulations. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Company and Parent any information, reports or undertakings required to comply with, and to fully cooperate with, the Company and Parent in complying with such laws, regulations, rules and policies.

### 4.5 Withholding Taxes

Without limiting the generality of section 4.4, the Company may withhold any amount the Company is required by applicable law to withhold or deduct on account of income taxes or other deductions required by any Canadian or foreign federal, provincial, state or local taxing authorities or other amounts required by law to be withheld in relation to any Cashless Alternative election and may deduct such amount from any payment required to be made under the Option, or any other amount payable by the Company to the Option Holder or Personal Representative. The Option Holder or Personal Representative shall bear and be responsible for any and all income or other tax imposed in respect of any Cashless Alternative election. If the Company so determines, the Company shall have the right to require, prior to delivery of any Parent Shares upon exercise of an Option pursuant to the Cashless Alternative, payment by the Option Holder or Personal Representative of the excess of any applicable Canadian or foreign federal, provincial, state local or other taxes over any amounts withheld by the Company, in order to satisfy the tax obligations in respect of any Cashless Alternative election. If the Company does not withhold an amount, or require payment of an amount by an Option Holder or Personal Representative, sufficient to satisfy all income tax obligations, the Option Holder or Personal Representative shall make reimbursement, on demand, in cash, of any amount paid by the Company in satisfaction of any tax obligation.

**ARTICLE 5  
ADMINISTRATION**

**5.1 Administration**

The Plan will be administered by the Administrator on the instructions of the Board. The Compensation Committee may, from time to time, recommend to the Board how the Plan should be administered. The Board may make, amend and repeal at any time and from time to time such policies not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such policies will form part of the Plan. The Board may delegate to the Administrator or any director, officer or employee of the Company or an affiliate of the Company such administrative duties and powers as it may see fit.

**5.2 Interpretation**

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto will be final and conclusive and will not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder will be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person will be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

**ARTICLE 6  
AMENDMENT, TERMINATION AND NOTICE**

**6.1 Prospective Amendment**

The Board may, from time to time and in accordance with any third party obligations of the Company, amend the Plan and the terms and conditions of any Option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Plan, any Option or the Parent Shares, or for any other purpose which may be permitted by all relevant laws, regulations, rules and policies provided always that any such amendment (with the exception of an amendment pursuant to section 3.4(e)) will not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to such amendment.

**6.2 Retrospective Amendment**

The Board may from time to time retrospectively amend the Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options which have been previously granted.

**6.3 Approvals**

The Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities.

**6.4 Termination**

The Board may terminate the Plan at any time provided that such termination will not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination which will continue to be governed by the provisions of the Plan.

**6.5 Agreement**

The Company and every Option awarded hereunder will be bound by and subject to the terms and conditions of the Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of the Plan.

**6.6 Notice**

Any notice or other communication contemplated under the Plan to be given by the Company to an Option Holder will be given by the Company delivering or faxing the notice to the Option Holder at the last address for the Option Holder in the Company's records. Any such notice will be deemed to have been given on the date on which it was delivered, or in the case of fax, the next business day after transmission. An Option Holder may, at any time, advise the Company of a change in the Option Holder's address or fax number.

**SCHEDULE A**

**DELMAR PHARMACEUTICALS  
STOCK OPTION PLAN**

**OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the DelMar Pharmaceuticals, Inc. amended and restated stock option plan (the “**Plan**”) and evidences that \_\_\_\_\_ is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to \_\_\_\_\_ shares of common stock, par value US \$0.001 per share (the “**Parent Shares**”) in the capital of DelMar Pharmaceuticals, Inc. (“**Parent**”). The Exercise Price of the Option is U.S. \$ \_\_\_\_\_ per Parent Share.

Subject to the provisions of the Plan:

- (a) the Award Date of the Option is \_\_\_\_\_, \_\_\_\_\_; and
- (b) the Fixed Expiry Date of the Option is \_\_\_\_\_, \_\_\_\_\_.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this Certificate and a certified cheque or bank draft payable to “DelMar Pharmaceuticals, Inc.” in an amount equal to the aggregate of the Exercise Price of the Parent Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company will prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate will have the meanings given to them under the Plan.

Dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**DELMAR PHARMACEUTICALS, INC.**

Per: \_\_\_\_\_  
Administrator, Stock Option Plan  
DelMar Pharmaceuticals, Inc.

Acknowledged and agreed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Signature of Option Holder

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**OPTION CERTIFICATE - SCHEDULE**

The additional terms and conditions attached to the Option represented by this Certificate are as follows:

1. •; and
2. •.

**DELMAR PHARMACEUTICALS, INC.**

Per: \_\_\_\_\_  
Administrator, Stock Option Plan  
DelMar Pharmaceuticals, Inc.

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**SCHEDULE B**

**DELMAR PHARMACEUTICALS, INC.  
STOCK OPTION PLAN**

**NOTICE OF EXERCISE OF OPTION**

TO: The Administrator, Stock Option Plan  
DelMar Pharmaceuticals, Inc.  
c/o David Frost  
1300 – 777 Dunsmuir Street  
Vancouver, British Columbia, V7Y 1K2

The undersigned hereby irrevocably gives notice, pursuant to the DelMar Pharmaceuticals, Inc. amended and restated stock option plan (the “**Plan**”), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable items):

- (a) all of the Parent Shares which are the subject of the Option;
- (b) \_\_\_\_\_ of the Parent Shares which are the subject of the Option; or
- (c) subject to the terms of the Plan and the Option, the number of Parent Shares which may be purchased under the Option pursuant to the Cashless Alternative set out in section 4.2 of the Plan, in exchange for the option to purchase \_\_\_\_\_ of the Parent Shares which may be purchased under the Option.

Unless the undersigned has elected the Cashless Alternative, undersigned tenders herewith a certified cheque or bank draft (circle one) payable to “DelMar Pharmaceuticals, Inc.” in an amount equal to the aggregate Exercise Price of the aforesaid Parent Shares. The undersigned directs Parent to issue the certificate evidencing said Parent Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By executing this Notice of Exercise of Option the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Notice of Exercise of Option will have the meanings given to them under the Option Certificate.

DATED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_

## SCHEDULE A

**DELMAR PHARMACEUTICALS INC.  
STOCK OPTION PLAN  
OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the DelMar Pharmaceuticals Inc. (the “**Company**”) amended and restated stock option plan (the “**Plan**”) and evidences that \_\_\_\_\_ is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to \_\_\_\_\_ shares of common stock, par value US \$0.001 per share (the “**Parent Shares**”) in the capital of DelMar Pharmaceuticals, Inc. (“**Parent**”). The Exercise Price of the Option is US \$ \_\_\_\_\_ per Parent Share.

Subject to the provisions of the Plan:

- (a) the Award Date of the Option is \_\_\_\_\_; and
- (b) the Fixed Expiry Date of the Option is \_\_\_\_\_.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this Certificate and a certified cheque or bank draft payable to “DelMar Pharmaceuticals Inc.” in an amount equal to the aggregate of the Exercise Price of the Parent Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company will prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate will have the meanings given to them under the Plan.

Dated this \_\_\_\_ day of \_\_\_\_\_.

**DELMAR PHARMACEUTICALS INC.**

Per: \_\_\_\_\_  
\_\_\_\_\_, Administrator, Stock Option Plan  
DelMar Pharmaceuticals Inc.

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**OPTION CERTIFICATE - SCHEDULE**

The additional terms and conditions attached to the Option represented by this Certificate are as follows:

The Option will vest as to the following schedule:

1. \_\_\_\_\_.

**DELMAR PHARMACEUTICALS INC.**

Per: \_\_\_\_\_  
\_\_\_\_\_, Administrator, Stock Option Plan  
DelMar Pharmaceuticals Inc.

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**SCHEDULE B**

**DELMAR PHARMACEUTICALS INC.  
STOCK OPTION PLAN**

**NOTICE OF EXERCISE OF OPTION**

TO: The Administrator, Stock Option Plan  
DelMar Pharmaceuticals Inc.  
c/o Jeffrey Bacha  
720- 999 West Broadway  
Vancouver, British Columbia, V5Z 1K5

The undersigned hereby irrevocably gives notice, pursuant to the DelMar Pharmaceuticals Inc. amended and restated stock option plan (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable items):

- (a) all of the Parent Shares which are the subject of the Option;
- (b) \_\_\_\_\_ of the Parent Shares which are the subject of the Option; or
- (c) subject to the terms of the Plan and the Option, the number of Parent Shares which may be purchased under the Option pursuant to the Cashless Alternative set out in section 4.2 of the Plan, in exchange for the option to purchase \_\_\_\_\_ of the Parent Shares which may be purchased under the Option.

Unless the undersigned has elected the Cashless Alternative, undersigned tenders herewith a certified cheque or bank draft (circle one) payable to "DelMar Pharmaceuticals Inc." in an amount equal to the aggregate Exercise Price of the aforesaid Parent Shares. The undersigned directs Parent to issue the certificate evidencing said Parent Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By executing this Notice of Exercise of Option the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Notice of Exercise of Option will have the meanings given to them under the Option Certificate.

DATED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_

## NONQUALIFIED STOCK OPTION GRANT AGREEMENT

## DELMAR PHARMACEUTICALS, INC.

This Stock Option Grant Agreement (the "Grant Agreement") is made and entered into effective on the Date of Grant set forth in Exhibit A (the "Date of Grant") by and between DelMar Pharmaceuticals, Inc., a Nevada corporation (the "Company"), and the individual named in Exhibit A hereto (the "Optionee").

WHEREAS, the Company desires to provide the Optionee an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to grant the Optionee an option pursuant to the DelMar Pharmaceuticals, Inc. 2017 Omnibus Equity Incentive Plan (the "Plan") to acquire the Company's common stock, par value \$.001 per share (the "Common Stock");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the parties hereto agree as follows:

1. Grant. The Company hereby grants the Optionee a Nonqualified Stock Option (the "Option") to purchase up to the number of shares of Common Stock (the "Shares") set forth in Exhibit A hereto at the exercise price per Share (the "Exercise Price") set forth in Exhibit A, and on the vesting schedule set forth in Exhibit A, subject to the terms and conditions set forth herein and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined in this Grant Agreement shall have the meanings as set forth in the Plan.

2. Exercise Period Following Termination of Continuous Service. This Option shall terminate and be canceled to the extent not exercised within ninety (90) days after the Optionee's Continuous Service terminates, except that if such termination is due to the death or Disability of the Optionee, this Option shall terminate and be canceled twelve (12) months from the date of termination of Continuous Service. Notwithstanding the foregoing, in the event that the Optionee's Continuous Service is terminated for Cause, then the Option shall immediately terminate on the date of such termination of Continuous Service and shall not be exercisable for any period following such date. In no event, however, shall this Option be exercised later than the Expiration Date set forth in Exhibit A and in no event shall this Option be exercised for more Shares than the Shares which otherwise have become exercisable as of the date of termination.

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3. Method of Exercise. This Option is exercisable by delivery to the Company of an exercise notice (the "Exercise Notice") in a form satisfactory to the Committee or by such other form or means as the Committee may permit or require. Any Exercise Notice shall state or provide the number of Shares with respect to which the Option is being exercised (the "Exercised Shares"), and include such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price for the Exercised Shares in (i) cash; (ii) check; or (iii) such other manner as is acceptable to the Committee, provided that such form of consideration is permitted by the Plan and by applicable law. Upon exercise of the Option by the Optionee and prior to the delivery of such Exercised Shares, the Company shall have the right to require the Optionee to satisfy applicable Federal and state tax income tax withholding requirements and the Optionee's share of applicable employment withholding taxes in a method satisfactory to the Company. Notwithstanding the foregoing, no Exercised Shares shall be issued unless such exercise and issuance complies with the requirements relating to the administration of stock option plans and other applicable equity plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted, and the applicable laws of any foreign country or jurisdiction where stock grants or other applicable equity grants are made under the Plan; assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Shares.

4 . Covenants Agreement. This Option shall be subject to forfeiture at the election of the Company in the event that the Optionee breaches any agreement between the Optionee and the Company with respect to noncompetition, nonsolicitation, assignment of inventions and contributions and/or nondisclosure obligations of the Optionee.

5 . Taxes. By executing this Grant Agreement, Optionee acknowledges and agrees that Optionee is solely responsible for the satisfaction of any applicable taxes that may be imposed on Optionee that arise as a result of the grant, vesting or exercise of the Option, including without limitation any taxes arising under Section 409A of the Code (regarding deferred compensation) or Section 4999 of the Code (regarding golden parachute excise taxes), and that neither the Company nor the Committee shall have any obligation whatsoever to pay such taxes or otherwise indemnify or hold Optionee harmless from any or all of such taxes.

6 . Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Grant Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

7 . Securities Matters. All Shares and Exercised Shares shall be subject to the restrictions on sale, encumbrance and other disposition provided by Federal or state law. The Company shall not be obligated to sell or issue any Shares or Exercised Shares pursuant to this Grant Agreement unless, on the date of sale and issuance thereof, such Shares are either registered under the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state securities laws, or are exempt from registration thereunder. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with the Securities Act or the securities laws of any state or any other law.

8. Investment Purpose. The Optionee represents and warrants that unless the Shares are registered under the Securities Act, any and all Shares acquired by the Optionee under this Grant Agreement will be acquired for investment for the Optionee's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares within the meaning of the Securities Act. The Optionee agrees not to sell, transfer or otherwise dispose of such Shares unless they are either (1) registered under the Securities Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

9. Lock-Up Agreement. The Optionee hereby agrees that in the event that the Optionee exercises this Option during a period in which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, then, as a condition to such exercise, the Optionee shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Optionee shall agree to restrictions on transferability of the Shares comparable to the restrictions agreed upon by such directors or officers of the Company.

10. Other Plans. No amounts of income received by the Optionee pursuant to this Grant Agreement shall be considered compensation for purposes of any pension or retirement plan, insurance plan or any other employee benefit plan of the Company or its subsidiaries, unless otherwise expressly provided in such plan.

11. No Guarantee of Continued Service. The Optionee acknowledges and agrees that the right to exercise the Option pursuant to the exercise schedule hereof is earned only through Continuous Service and such other requirements, if any, as are set forth in Exhibit A (and not through the act of being hired, being granted an option or purchasing shares hereunder). The Optionee further acknowledges and agrees that (i) this Grant Agreement, the transactions contemplated hereunder and the exercise schedule set forth herein do not constitute an express or implied promise of continued employment or service for the exercise period or for any other period, and shall not interfere with the Optionee's right or the right of the Company or its Subsidiaries to terminate the employment or service relationship at any time, with or without cause, subject to the terms of any written employment agreement that the Optionee may have entered into with the Company or any of its Subsidiaries; and (ii) the Company would not have granted this Option to the Optionee but for these acknowledgements and agreements.

12. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Grant Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and the Optionee. In the event of any conflict between this Grant Agreement and the Plan, the Plan shall be controlling, except as otherwise specifically provided in the Plan. This Grant Agreement shall be construed under the laws of the State of Nevada, without regard to conflict of laws principles.

13. Opportunity for Review. Optionee and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Grant Agreement. The Optionee has reviewed the Plan and this Grant Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Agreement and fully understands all provisions of the Plan and this Grant Agreement. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Grant Agreement. The Optionee further agrees to notify the Company upon any change in the residence address indicated herein.

14. Section 409A. This Option is intended to be excepted from coverage under Section 409A and shall be administered, interpreted and construed accordingly. The Company may, in its sole discretion and without the Optionee's consent, modify or amend the terms of this Grant Agreement, impose conditions on the timing and effectiveness of the exercise of the Option by Optionee, or take any other action it deems necessary or advisable, to cause the Option to be excepted from Section 409A (or to comply therewith to the extent the Company determines it is not excepted).

15. Recoupment. In the event the Company restates its financial statements due to material noncompliance with any financial reporting requirements under applicable securities laws, any shares issued pursuant to this Agreement for or in respect of the year that is restated, or the prior three years, may be recovered to the extent the shares issued exceed the number that would have been issued based on the restatement. In addition and without limitation of the foregoing, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company or as is otherwise required by applicable law or stock exchange listing conditions.

*[Signature Page Follows]*



IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the date set forth in Exhibit A.

DELMAR PHARMACEUTICALS, INC.

By: \_\_\_\_\_  
Name:  
Title:

OPTIONEE  
\_\_\_\_\_  
Name:

**EXHIBIT A**

**NONQUALIFIED STOCK OPTION GRANT AGREEMENT**

**DELMAR PHARMACEUTICALS, INC.**

- (a) **Optionee's Name:** \_\_\_\_\_
- (b) **Date of Grant:** \_\_\_\_\_
- (c) **Number of Shares Subject to the Option:** \_\_\_\_\_
- (d) **Exercise Price:** \$ \_\_\_\_\_ per Share
- (e) **Expiration Date:** \_\_\_\_\_
- (f) **Vesting Schedule:**

\_\_\_\_\_ (Initials)

Optionee

\_\_\_\_\_ (Initials)  
Company Signatory

## Certifications

I, Saiid Zarrabian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DelMar Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2018

/s/ Saiid Zarrabian

Saiid Zarrabian  
Interim Chief Executive Officer (Principal Executive  
Officer)

## Certifications

I, Scott Prail, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DelMar Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2018

/s/ Scott Prail

Scott Prail

Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of DelMar Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Saiid Zarrabian, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2018

/s/ Saiid Zarrabian

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Saiid Zarrabian  
Interim Chief Executive Officer (Principal Executive  
Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of DelMar Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott Prail, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2018

/s/ Scott Prail

Scott Prail

Chief Financial Officer (Principal Financial Officer)