

NB: this is a summary translation of the press release original drafted in Japanese for the disclosure required in compliance with the TSE regulations.

24 November 2015

Oncolys BioPharma Inc.

Announcement of TelomeScan® License Agreement and Business Alliance in North America

The Board of Oncolys BioPharma (“Oncolys”) is pleased to announce that it has resolved, at its board meeting on the 24 November 2015, to enter into a license agreement and business alliance with Liquid Biotech USA, Inc. (“Liquid Biotech”) for cancer detection modality OBP-401 (TelomeScan®), in order to further accelerate its business development activities in North America.

1. Purpose of Business Alliance

In April 2010, Oncolys entered into a material transfer agreement with University of Pennsylvania to supply TelomeScan® for research purposes. Since then, together with a research group led by Dr. Stephen M. Hahn (Division Head, Division of Radiation Oncology, MD Anderson Cancer Center), it has pursued to advance research on CTC (Circulating Tumor Cell) detection for lung and brain cancer as well as studies on correlation of numbers of CTCs and radiotherapy responses. Achievements of such collaborative research have been already published as articles in major journals specialized in oncology, such as *Cancer Research* and *Cancer*.

In these circumstances, the Board of Oncolys has decided to speed up its business development activities and market penetration of TelomeScan® in North America, by forming a solid business alliance with Liquid Biotech which is a company founded by University of Pennsylvania and its professors with the purpose of commercialization of the research and development outcomes, with an aim to realize a 510(k) application of TelomeScan® as medical device, in the future.

2. Details

(1) Business Alliance

Upon execution of the license agreement, Oncolys grants Liquid Biotech the relevant rights related to a commercialization of cancer detection test using TelomeScan® in North America. It is also agreed that Oncolys will sell TelomeScan® to Liquid Biotech after a certain period elapsed since the conclusion of the license agreement. Liquid Biotech is in charge of advancing researches on CTC detection using TelomeScan® as well as developing it as medical devices for future 510(k) application.

(2) Purchase cost of Liquid Biotech shares and/or equity

Oncolys agrees to purchase \$2 Million convertible notes issued by Liquid Biotech, with its voting rights ratio of 20% upon full conversion. In addition, Oncolys will further purchase convertible notes for the amount of \$1 Million upon the achievement of certain research and development targets by Liquid Biotech, which will then increase its voting rights ratio upon full conversion to 30% in total. Conversion of the convertible notes becomes

mandatory under certain conditions.

- (3) Number of shares purchased by Liquid Biotech and its ratio against shares outstanding
None.

3. Liquid Biotech Overview

(1) Name	Liquid Biotech USA, Inc.	
(2) Address	Penn Innovation Centre, 3160 Chestnut Street, Suite 200, Philadelphia, PA19104 USA	
(3) Representative	Dr. Philip M. Sass, President, CEO & Chairman	
(4) Type of Business	Research, development and sales of medical devices	
(5) Establishment	3 April 2012 as LIQUID BIOTECH, LLC. Planned to be converted to Liquid Biotech USA, Inc. in 2015	
(6) Total Paid-In Capital	Total paid-in capital not confirmed at present Planned to be converted to Liquid Biotech, Inc. in 2015	
(7) Major Shareholders	Name / Ownership	
	Attribution	
	University of Pennsylvania 34%	University
	Dr. Philip M. Sass 17%	CEO, Liquid Biotech
	Mr. Jeffrey M. Janco 13%	COO, Liquid Biotech
	Dr. Stephen M. Hahn 12%	Division Head, Division of Radiation Oncology, MD Anderson Cancer Center (Prior: Professor, University of Pennsylvania School of Medicine)
	Dr. Gary D. Kao 12%	Associate Professor of Radiation Oncology, University of Pennsylvania School of Medicine
(8) Relationship with Oncolys	Capital	No
	Personal	No
	Transactional	No
	Related parties	No
(9) Operating Performance and Financials of Liquid Biotech USA, Inc. in the previous 3 years		
Net Asset	No earnings report filed for the previous 3 years as it is converted to Liquid Biotech USA, Inc. in 2015	
Total Asset		

Net Asset per Share	
Sales	
Operating Profit	
Current Profit	
Net Profit Attributable to Parent Company Shareholders	
Net Profit per Share	
Dividend per Share	

4. Schedule

(1) Board Resolution	9 November 2015
(2) Execution of Agreement	November 2015 (provisional)
(3) Commencement of Business Alliance	November 2015 (provisional)

5. Future Outlook

Upon the conclusion of this license agreement for TelomeScan®, Oncolys foresees a receipt of the upfront fee in the fiscal year ending December 2015 and no related impact is expected on its earnings estimates so far. It also expects to receive milestone fees from fiscal year ending December 2016 and onwards. In addition, sales of TelomeScan® will be posted once Oncolys starts to sell TelomeScan® to Liquid Biotech.

One of the board members of Liquid Biotech will be appointed from Oncolys, in the scope of assessing the progress of research and development activities of TelomeScan® on a regular basis.