



July 14, 2015

Report to Shareholders

Dear Fellow Shareholders:

BioMark over the past year has laid a strong foundation that will set the stage for the evolution of the company. We have made significant progresses and we are now in the process of ushering a next dimension in diagnostics. Our “metabolomics” approach is now being coined as the future in diagnostics. A solid commitment to prove and dominate the metabolomic pathway associated with cancer bodes well for the future of our company.

We now have a strong management team firmly in place and we are focused on developing commercialization avenues for our cancer detection and monitoring business. We are refining our business model, increasing our marketing and sales efforts, and continuing to innovate our technology platform. We are confident these efforts will lead to positive results going forward.

BioMark’s base foundation built over the past year:

- Engaged in additional capital raise both in the US and Canada with financial institutions
- Completed of validation standards at FDA/Health Canada lab to sample analysis
- Developed internal standard compound and test for lab applications
- Sought and recruited additional advisory board members
- Initiated more contact with service providers
- Established new protocols that will be submitted to regulatory and ethic board for clinical trials
- Developed additional strategic collaborations both in Canada and the US
- Completed market research report for equity coverage
- Continued work on Raman systems
- Established processes and procedures that are compliant for regulatory
- Increased our IP pipeline and filings
- Implemented QA measures
- Continued building commercialization pathways with key partners in diagnostic and lab markets
- Completed trials with a recognized institution

Finally, we have invested considerable effort into pursuing strategic partnerships and collaborations. As we continue to leverage our core competencies and focus on generating partnership, we remain committed to delivering positive results to our medical community, patients, valued customers, partners, and shareholders. We thank you for your ongoing confidence and support and look forward to a year of new and exciting opportunities.

Sincerely,

"Rashid Ahmed"

Rashid Ahmed
President & CEO

For a full, detailed discussion on our financial performance, please refer to the Management’s Discussion and Analysis report contained herein.

BIOMARK DIAGNOSTICS INC.
("BioMark" or the "Company")

Annual Report
March 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date of Report: July 14, 2015

The following management's discussion and analysis ("MD&A") should be read together with the consolidated financial statements and accompanying notes for year ended March 31, 2015, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A includes certain statements that may be deemed "forward-looking statements". Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Highlights

During the year ended March 31, 2015, the Company focused on repositioning BioMark as a leader in the early cancer diagnostics industry by strengthening its product and marketing programs, streamlining operations, seeking new partnerships, aggressively pursuing revenue growth, and continuing to expand its clinical trials.

In October 2014, BioMark closed a private placement for gross proceeds of \$531,260 less finder's fee. The proceeds of the private placement are used for the continuation of the Company's Phase 3 clinical trials and general working capital.

On November 3, 2014, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trade symbol "BUX".

Throughout the year:

- BioMark negotiated contracts with vendors to ensure the Company is developing prototypes and clinical trials at competitive prices.

- BioMark has expanded its Phase 3 cancer screening clinical trials to include The National Institute of Cancer Research and Hospital in Bangladesh. The clinical trials are in the process of being registered with both clinicaltrials.gov and the World Health Organization (WHO).
- BioMark received from the Manitoba's Ministry of Jobs and Economy a funding grant of \$50,000 under Commercialization Support for Business (CSB) program which is designed for small and medium-sized businesses.
- BioMark listed its common shares on the Frankfurt Stock Exchange (FSE) under the ticker symbol 20B, with an international securities identification number (ISIN) of CA09073K1084.
- BioMark listed its common shares for trading on OTCQB effective February 17, 2015 under the trading symbol "BMKDF".
- In February 2015, BioMark closed a private placement for gross proceeds of \$650,000 less a finder's fee. The proceeds of the private placement were used for the continuation of the Company's Phase 3 clinical trials and general working capital.
- BioMark partnered with The Metabolomics Innovation Centre ("TMIC"), a Genome Canada-funded Science and Technology Innovation Centre located at the University of Alberta and University of Victoria. TMIC provides scientific expertise, analytical services, bioinformatics tools, and customized technology development which complements BioMark's future research directions in lung, prostate, breast and colon cancer.
- In April 2015, BioMark was selected to present at 11th Annual Conference of the Metabolomics Society to be held in San Francisco/Burlingame between June 29 and July 2, 2015
- In March 2015, BioMark was awarded by the National Research Council (NRC) – Industrial Research Assistance Program (IRAP) the Business Innovation Access Program (BIAP) funding for development and optimization of its novel recombinant antibodies.
- Samples from Bangladesh and Manitoba trials were shipped to a FDA/Health Canada laboratory site.
- BioMark commissioned an independent scientific and technology report from a US-based group that specializes in biotechnology companies.

In the coming quarters, BioMark will continue to evolve its business operations to help further leverage its expertise in cancer detection, monitoring and assessment. Some initiatives under plan include analysis of clinical trials, expansion of lung cancer trials, building additional scientific base, establishing stronger links with key institutions in the US, and securing Depository Trust Company (DTC) eligibility for our common shares to allow a broader shareholder base. Presentation to financial institutions will also be activities for the next quarters.

1.3 Overall Performance

Nature of Business and Overall Performance

Biomark Diagnostics Inc. was incorporated under the Business Corporation Act of British Columbia on June 19, 2014. The head office of the Company is 165-10551 Shellbrige Way, Richmond, British Columbia, V6X 2W8.

Background

We are a Canadian based company that has purchased all the assets related to, and will continue to develop, an advanced stage cancer diagnostic business. Our cancer diagnostics technology was initially licensed from the University of Manitoba in Canada in 2006 by Bux Group and was subsequently assigned to Biomark Technologies Inc (“BTI”), with whom we completed an asset purchase agreement on September 29, 2014, described in detail below under “Significant Acquisitions and Dispositions”. The diagnostic technology has developed to date into a metabolomics-based diagnostic assay that allows for cancer detection, monitoring and prognosis for treatment.

We are currently focused on bringing our cancer diagnostic kits and detection system up to commercialization standards and we hope to commence export once clinical trials and regulatory acceptance are obtained from Health Canada and other applicable regulatory agencies. Phase 3 clinical trial approval was granted by Health Canada in July, 2012, and the trials commenced at Saint Boniface Research Centre in October, 2013, and expanded to one additional site in Bangladesh. The Phase 3 study focus is on breast, prostate, lung and gastrointestinal cancers. We hope that the multi-site study will aid in accelerating trial completion by mid 2015.

On September 29, 2014, Biomark Cancer Systems Inc. (“BCS”), completed an Asset Purchase Agreement with BTI to purchase the rights, title and interest in and to BTI’s advanced stage cancer diagnostic business (the “**Diagnostic Business**”) including all related research, technologies and products, and the corresponding intellectual property rights and moral rights thereto.

Pursuant to the Asset Purchase Agreement, we obtained numerous assets relating to the Diagnostic Business. These include: five patents relating to the cancer diagnostic technology, registered or applied for in jurisdictions around the world; all of the diagnostic products, such as assays, kits, technology and detection systems, and any prototypes thereof; a real property lease for office premises; all of the tangible property; all of the know-how; all of the books and records, including all research, clinical studies and trial data, patient lists, plans, manuals and applications; a number of material contracts relating to the Diagnostic Business; all inventory allocated or assigned to the Diagnostic Business as of the closing of the Asset Purchase Agreement; the internationally registered Biomark™ trademarks to which BTI held transfer rights prior to the closing of the Asset Purchase Agreement; the intellectual property rights relating to several governmental and university partnerships; and all governmental approvals required for the lawful operation of the Diagnostic Business, to the extent transferable to BCS under the applicable laws.

BCS assumed some limited liabilities pursuant to the Asset Purchase Agreement relating to the transferred contracts and property lease, as well as to the operation and conduct of the Diagnostic Business after the closing of the Asset Purchase Agreement. BCS also assumed liability for BTI’s accounts payable arising

out of, relating to or incurred in connection with the Diagnostic Business as they stood at signing, and up to the closing of the Asset Purchase Agreement.

As a result of the Asset Purchase Agreement, to ensure continued involvement of persons possessed of scientific knowledge relating to the Diagnostic Business, BCS intends to enter into several independent contractor's agreements with key individuals involved with the research, technology and development of the Diagnostic Business.

Plan of Arrangement

On October 30, 2014, the Company executed an Arrangement Agreement ("Arrangement") which was entered into among Luger Minerals Corp ("Luger"), Noor Energy Corporation. ("Noor"), Biomark, and Kyle Stevenson, the controlling shareholder of Noor (the "Controlling Shareholder").

According to the Arrangement, Luger acquired from Noor all of the issued and outstanding shares of Biomark (the "Purchase Shares") for consideration of \$5,000. Biomark and the shareholders of Luger then completed a one-for-one share exchange pursuant to which Luger became a wholly-owned subsidiary of Biomark. In addition, Noor issued 1,000 of its common shares to Biomark in exchange for 370,000 shares of Biomark, of which the Controlling Shareholder of Noor agreed to forgo 60,000 Biomark shares to which he would otherwise be entitled to, which were cancelled in October 2014.

As a result of the Arrangement, the shareholders of Luger own a majority of the issued and outstanding shares of Biomark. Accordingly, this transaction will be accounted for as a reverse acquisition. On October 15, 2014, Luger changed its name to Biomark Cancer Systems Inc.

On October 30, 2014, the Company issued 90,000 common shares to settle debt of \$22,500.

On October 30, 2014, the Company issued 310,000 common shares pursuant to the terms of the Arrangement agreement.

On October 30, 2014, the Company completed the share exchange with the shareholders of Luger and 47,335,040 common shares were issued and outstanding pursuant to the terms of the Arrangement agreement.

On October 31, 2014, the Company granted 4,490,000 stock options to directors and officers and consultants exercisable at \$0.25 per share expiring five years from the date of grant. Stock options granted to directors and officers of the Company (3,320,000) vest at 25% at the date of grant and 25% every six months thereafter. Stock options granted to consultants (1,170,000) vest at 33.33% every 6 month from the date of grant.

On November 3, 2014, the Company commenced trading on the CSE under the trade symbol "BUX".

The Company is focused on the research, development and commercialization of its novel Acetylated Biomarker Assay ("ABA") Red Alert technology (the "Technology"). The Technology is a patented screening technology that is used to determine the amount of cancer in the body ("Tumour Burden"), has broad applications and is suited for determining the presence of solid tumours as well as predicting tumour response to treatment and monitoring.

The Technology works by screening for the acetylated form of a Health Canada and Food and Drug Administration (“FDA”) approved drug (amantadine) which is given to patients prior to measurement in body fluids using liquid chromatography - tandem mass spectrometry (“LC MS/MS”). The amantadine acetylation is performed by an enzyme, spermidine/spermine N-acetyltransferase (“SSAT”). This is the basis of determining Tumour Burden. The Technology is designed to provide information that is highly sensitive, reliable and specific for early stage ‘red alerts’ for solid tumours. Our current diagnostic assay involves hospital or commercial laboratory-based testing using our internally-developed standard for LC-MS/MS, for which an Investigational Testing Authorization was approved by Health Canada. Pursuant to the Asset Purchase Agreement we acquired the first generation acetyl amantadine enzyme-linked immunosorbent assay (“ELISA”) kits, and the necessary validation and selected tests are now being conducted to meet technical and regulatory standards. We are also in the process of developing point-of-care (“POC”) immunochromatography test (“ICT”) kits and an infrared (“IR”) Raman-based detection system, which provides metabolite detection using a proprietary spectrometry technology. Diagnostic testing costs associated with our products are expected to decrease significantly upon the launch of our ELISA kits, POC ICT kits and the Raman system, in comparison to the LC MS assay tests.

1.4 Results of Operations

As a result the parties who controlled the Diagnostic Business before the Asset Purchase Agreement and the Arrangement continued to control Biomark Diagnostics Inc., including the Diagnostic Business, after the Asset Purchase Agreement and the Arrangement. The business consisting of the Diagnostic Business is deemed to have issued shares in exchange of the listing status of Biomark Diagnostics Inc. As a result, no value has been allocated to the 40,000,000 shares issued to BTI.

The resulting consolidated statements of financial position are presented as a continuance of Biomark Cancer Systems Inc. (formerly Luger Minerals Corp.) and comparative figures presented in the financial statements after the Arrangement are those of the Biomark Cancer Systems Inc.

The Company has generated other income in the amount of \$9,200 for the year ended March 31, 2015 and has a negative operating cash outflows in the amount of \$1,106,918 for the year ended March 31, 2015. The Company has recorded a loss of \$2,875,155 for the year ended March 31, 2015.

The net loss includes listing fees of \$1,281,973 and share-based compensation of \$483,423. The Company managed to deliver operational results and met critical milestones over the fiscal year. The Company continues to register, file and build its patent portfolios which are important intangible assets for a technology based organization and is not reported in the current balance sheet.

1.5 Summary of Quarterly Results

The following is a summary of the Company’s financial results for the most recently completed quarter. There are no quarterly results to report prior to June 30, 2014 as the Company was incorporated on June 19, 2014.

	Q4 March 31, <u>2015</u>	Q3 Dec 31, <u>2014</u>	Q2 Sep 30, <u>2014</u>	Q1 Jun 30, <u>2014</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Net loss and Comprehensive loss				
Total	\$ (824,516)	\$(2,050,639)	\$ -	\$ -
Per share	\$ (0.10)	\$ (0.07)	\$ (0.00)	\$ (0.00)
Per share, fully Diluted	\$ (0.10)	\$ (0.07)	\$ (0.00)	\$ (0.00)

Operating Loss/Share	Q4 March 31, <u>2015</u>	Q3 Dec 31, <u>2014</u>	Q2 Sep 30, <u>2014</u>	Q1 Jun 30, <u>2014</u>
Total Operational loss	\$ 524,202	\$ 594,757	\$ -	\$ -
Per share	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)
Per share, fully Diluted	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)

1.6 Liquidity

The Company has total assets of \$230,335 as at March 31, 2015 consisting of cash, amounts receivable and prepaid expenses and has working capital of \$147,961.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on funding through future equity issuances and through short term borrowing in order to finance ongoing operations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all. See subsequent event for additional information.

1.7 Share Capital

As at March 31, 2015, the Company had 48,635,040 common shares issued and outstanding.

1.8 Share Purchase Warrants

As at March 31, 2015, the Company had 650,000 shareholder warrants issued and outstanding. On February 18, 2015, the Company completed a Non-Brokered Private Placement at a price of \$0.50 per unit for proceeds of \$650,000, resulting in the issuance of 1,300,000 common shares and 650,000 warrants. Each warrant will entitle the holder to purchase an additional common share at an exercise price of \$0.80 per share for a period of 12 months following the issuance of the warrants.

1.9 Stock Options

The Company has reserved 4,490,000 common shares under its 2014 Amended Stock Option Plan. The plan provides for the granting of options to directors, employees and consultants. Stock options granted generally have varying expiry terms of up to five years and vesting periods determined at the discretion of the directors.

During the year, there were 4,490,000 stock options granted to directors, consultants and employees. As at March 31, 2015, the Company had outstanding 4,490,000 stock options with a weighted average remaining contractual life of 4.59 years and with a weighted average exercise price of \$0.25 per share.

1.10 Capital Resources

The Company does not have any other commitments for material capital expenditures.

1.11 Off Balance Sheet Arrangements

There is no off-balance sheet arrangements to which the Company is committed.

1.12 Transactions with Related Parties

During the year ended March 31, 2015, the Company entered into the following transactions with related parties:

- a) For the year ended March 31, 2015, directors and officers of the company provided consulting services to the company of \$252,421. These charges are included in corporate and professional services and wages.
- b) For the year ended March 31, 2015, the Company recognized \$319,886 of share-based compensation for stock option held by directors and officers. This amount is included in share-based compensation expense.

1.13 Fourth Quarter

The Corporation incurred a net loss of \$824,516 in the fourth quarter ended March 31, 2015, compared to a net loss of \$nil in the same quarter a year earlier. The increase in net loss was mainly attributable to the expense incurred for research, patent filing and administration in the quarter.

1.14 Subsequent Events

Subsequent to March 31 2015:

- a) On June 3, 2015, the Company issued 178,376 common shares at \$0.50 per share for total proceeds of \$89,188. As at March 31, 2015, the Company received \$100,000 for this subscription. The remaining \$10,812 was refunded to the subscriber after the share issuance.

- b) On April 20, 2015, the Company issued 500,000 common shares to Caro Capital LLC under the terms of the agreement entered into on February 6, 2015.
- c) On April 8, 2015, the Company entered into an office lease for premises in Surrey, British Columbia for the period from May 1, 2015 through May 1, 2016. Minimum lease payments of \$19,503 annually are required under the lease agreement.

1.15 Critical Accounting Estimates

Critical Estimates and Assumptions

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

The most significant judgments in applying the Company's financial statements is the classification of financial instruments and the going concern assumption.

1.16 Changes in Accounting Policies

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.⁷

- IFRS 9 – *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

1.17 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and due to a related party.

The Company's financial instruments are exposed to the following risks:

Credit risk

The Company is exposed to credit risk with respect to its loan receivable. To reduce the credit risk of the loan receivable, the Company regularly reviews the collectability. Currently there is no indication that the loan will not be fully recoverable.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

1.18 Other MD&A Requirements

- A. For more information about the Company, see www.sedar.com. The Company has not filed an AIF Annual Information Form.
- B. Information required in the following section of National Instrument 51-102, if applicable:
 - i) Section 5.3 – *Additional Disclosure for Venture Issuers without Significant Revenue*

An analysis of material components of the Company's general and administrative expenses is disclosed in the Statement of Comprehensive Loss forming part of the Financial Statements for the period ended March 31, 2015 to which this MD&A relates.

ii) Section 5.4 - *Disclosure of Outstanding Share Data*

a. Authorized:

Unlimited common shares without par value

b. Common Shares Issued:

	<u>Number</u>
Balance, March 31, 2015	<u>48,635,040</u>
Balance, July 14, 2015	<u>49,313,416</u>

As at July 14, 2015 and March 31, 2015, there were 36,000,000 common shares held in escrow.

c. Stock options:

As at the date of the MDA, there are 4,490,000 stock options outstanding to acquire up to 4,490,000 common shares at \$0.25 per share exercisable until October 31, 2019. As at March 31, 2015, 830,000 options were vested and exercisable. As at July 14, 2015, 2,050,000 options were vested and exercisable.

(iii) Section 5.7 – Additional Disclosure for Reporting Issuers with Significant Equity Investees.

Not applicable.

C. Disclosure required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings.*

Not applicable.

Risk Factors

The Company is focused on more select market introduction and development of all its product lines while instituting cost control of product development. The failure to generate future sales in the Company's main products could have a significant and adverse affect on the Company.

Additionally, the Company is engaging in prototype development, conducting additional clinical research related to technology positioning, protocol development and regulatory submissions. Negative clinical trials along with regulatory non approval or delays could adversely affect sales, product commercialization and could have a major impact on the Company.

Biomark's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on the Company. Biomark does not anticipate having key person insurance in effect for management. However, the Company will institute an insurance

policy that provides directors and officers a minimum of \$2 million liability coverage in the coming quarters. The contributions of these individuals to the immediate operations of Biomark are of central importance. In addition, there can be no assurance that Biomark will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net loss for the year ended March 31, 2015 of \$2,875,155 and has a deficit of \$2,890,238 as at March 31, 2015. The net loss includes listing fees of \$1,281,973 and share-based compensation of \$483,423. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Company's limited working capital could affect the Company's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.