DiagnoCure

QUARTERLY REPORT 1

Period ended
January 31, 2016

MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements and related notes included herein, which are prepared in accordance with IAS 34, Interim Financial Reporting for International Financial Reporting Standards (IFRS), together with the audited consolidated financial statements for the year ended October 31, 2015 and related notes. Management's comments were prepared to explain the Corporation's operations, performance and financial position as of January 31, 2016. They compare this first quarter of operating results and cash position with those of the first quarter ended January 31, 2015. Amounts are in Canadian dollars unless otherwise noted. The information contained herein is up to date as of March 11th, 2016.

This Management discussion and analysis (MD&A) contains forward-looking information. Additional information about the forward-looking information as well as the associated risks factors can be found on pages 10 and 11 of this report.

Overview

DiagnoCure, Inc. (hereafter called the "Corporation" or "DiagnoCure") is a life sciences corporation that develops and provides molecular and genomic tests to support effective clinical decisions enabling personalized medicine in oncology.

In 1998, the Corporation initiated the commercialization of its first diagnostic test, ImmunoCyt / uCyt+ for bladder cancer in Europe and, in 2000, obtained a 510(k) clearance from the Food and Drug Administration (FDA) for the commercialization of the test in the United States. In August 2008, DiagnoCure entered into a product divestment agreement for ImmunoCyt / uCyt+ with Scimedx Corporation, a U.S.-based company.

In May 2000, DiagnoCure obtained an exclusive worldwide license from the University of Nijmegen, the Netherlands, for all diagnostic and therapeutic applications of the PCA3 molecular biomarker in relation with prostate cancer. In 2003, DiagnoCure developed its second diagnostic test, uPM3, based on measuring the expression of the PCA3 molecular biomarker in urine. The uPM3 assay reagents were first sold in 2003 in the United States as Analyte Specific Reagents (ASR). That same year, DiagnoCure granted an exclusive worldwide license to Gen-Probe Incorporated (Gen-Probe) of San Diego, California, for PCA3 diagnostic applications in return of US$9 million to be paid over three years. Those revenues were recognized and amortized over a 42-month period ended in April 2007. The final payment was received in November 2006. In mid-2006, Gen-Probe made available to targeted reference laboratories in the U.S. market the ASR format of its first generation PCA3 assay on its APTIMA® technology platform. Since then, laboratories in the U.S. have added PCA3 on their product listings, among which are LabCorp and Quest, the two leading U.S. diagnostic testing providers. In November 2006, Gen-Probe received the European CE Mark for its PROGENSA® PCA3 test and subsequently introduced the test in Europe. On April 29, 2009, DiagnoCure and Gen-Probe executed an amendment to their 2003 license agreement, establishing new FDA submission milestones and key distribution arrangements to leverage the full market potential of the PCA3-based test for prostate cancer in the United States, Europe and around the world. Pursuant to the amendment, Gen-Probe acquired on May 7, 2009, 4,900,000 million DiagnoCure Series A Convertible Preferred Shares for US$5.0 million. In addition, Gen-Probe committed to make annual payments of US$500,000

to DiagnoCure until specific milestones were met. On August 17, 2011, Gen-Probe obtained Canadian regulatory approval for the PROGENSA® PCA3 assay and on February 15, 2012 the US FDA approved the PROGENSA® PCA3 test, the first molecular test to help determine the need for repeat prostate biopsies in men who have had a previous negative biopsy. This FDA approval marked a significant milestone achievement for the Corporation. On August 1, 2012 the acquisition of Gen-Probe, the exclusive licensee for PCA3's diagnostic applications was completed by Hologic Inc. Under the terms of this transaction, Gen-Probe became a wholly-owned subsidiary of Hologic Inc. that now operates under the name Hologic Gen-Probe. On February 17, 2016 The «Corporation close transaction related to the sale of the PCA3 asset to Hologic and the repurchase by the Corporation of the 4,900,000 series A convertible preferred shares of DiagnoCure held by Gen-Probe.

On April 30, 2007, DiagnoCure secured from Targeted Diagnostics & Therapeutics, Inc. (TDT) the exclusive worldwide diagnostic rights to the GCC biomarker and its potential use in two high-value molecular tests for colorectal cancer. In 2008, after completing the development of one of the GCC diagnostic applications, the Corporation launched its Previstage® GCC Colorectal Cancer Staging Test from its CLIA-certified laboratory in West Chester, Pennsylvania. On June 29, 2011, DiagnoCure announced collaboration with Signal Genetics, a U.S.-based company. Under the agreements underlying the collaboration, Signal Genetics was granted a worldwide exclusive license to the Previstage® GCC Colorectal Cancer Staging Test and acquired DiagnoCure's U.S. CLIA service laboratory. On January 11, 2013, the development and license agreements were terminated and DiagnoCure regained all commercial rights and complete control of all intellectual property on its GCC biomarker. On June 4, 2014, DiagnoCure granted an exclusive license to Shuwen Biotech Co., Ltd. for commercialization of the Previstage® GCC colorectal cancer staging test in the People's Republic of China.

2016 First Three Months Highlights

PCA3 Asset Sale

On December 23, 2015, DiagnoCure and Hologic, Inc. ("**Hologic**") via its wholly-owned subsidiary Gen-Probe Incorporated ("**Gen-Probe**")-have entered into a definitive agreement whereby Gen-Probe acquired all assets related to DiagnoCure's PCA3 prostate cancer biomarker (the "**PCA3 Asset Sale**") for a purchase price of $6,534,740. The purchase price consist of (i) $5,500,000 in cash consideration to DiagnoCure and (ii) the repurchase by the Corporation of 4,900,000 series A convertible preferred shares of DiagnoCure held by Gen-Probe at a value of $1,034,740. As part of the Transaction, Gen-Probe obtained a right of first refusal to license the Corporation's new multi-marker prostate cancer test in the field of high-volume *in vitro* diagnostics (IVD) testing under specific conditions.

On February 12, 2016 Shareholder's approved the special resolutions related to both the asset sale of the Corporation's PCA3 prostate cancer biomarker to Gen-Probe Incorporated and the reduction of stated capital.

On February 17, 2016 the Corporation close transaction related to the sale of the PCA3 asset to Hologic for $6,534,740 and the repurchase by the Corporation of the 4,900,000 series A convertible preferred shares of DiagnoCure held by Gen-Probe at a value of $1,034,740.

On March 11, 2016, the Corporation proceeds, as approved by its Board of directors and Shareholders, with a $5,200,000 return of capital to its shareholders from proceeds of the PCA3 asset sale transaction in connection with the reduction of stated capital held with respect to the Corporation's common shares.

Stock-Options

On February 16, 2016 all the outstanding options of the Corporation has expired. This expiration follows the decision of the Board of directors, in accordance with the stock option plan, to accelerate the acquisition of all the stock options outstanding as at February 12, 2016 and set to February 16, 2016 the deadline for exercising them.

Operating Results

For the Three-Month Period Ended January 31, 2016

Total revenues for the first quarter of 2016 were $134,003 compared with $142,915 for the same period of 2015. Without taking into account the effect of the exchange rate variation, total revenues decreased by 12%, to US$98K for the first quarter of 2016 compared with US$112K for the same period of 2015. This decrease is mainly attributable to a decrease in PCA3 royalty revenues.

Operating expenses increased by $88,472, to $563,658 for the first three months of 2016 from $475,186 for the same period of 2015. This increase is mostly attributable to the transaction fees related to the sale of PCA3. Total operating expenses increased primarily as a result of the following:

- Research and development expenses, net of investment tax credits, decreased by $132,460, to $40,672 for the first three-month of 2016 from $173,132 for the same period of 2015. This decrease in research and development expenses is attributable to reduced intellectual property expenses.
- General and administrative expenses increased by $233,394, to $504,653 for the first three-month period of 2016 from $271,259 for the same period of 2015. This increase is attributable to the $136,087 transaction fees related to the sale of PCA3 and to leasehold improvement amortization, following its reviewed useful life as reported in the 2015 annual report.
- Selling and business development expenses decreased by $24,024, to $34,184 for the first three-month period of 2016 from $58,208 for the same period of 2015. This decrease is attributable to reduction in operating expenses.
- Financial revenues decreased by $3,011, to $1,739 for the first three months of 2016 compared with $4,750 for the same period of 2015.

Based on the above, for the first quarter of 2016, DiagnoCure recorded a net loss and comprehensive loss of $429,655 or $0.01 per share, compared with $332,271 or $0.01 per share for the same period of 2015. These results reflect the operating expenses reduction and the transaction fees related to the sale of PCA3. At the end of the quarter, cash and temporary investments stood at $810,726, down from $1,108,937 as of October 31, 2015. This decrease of $298,211 is due to the use of liquidities to finance the operating activities of the three-month period ended January 31, 2016. Management estimates the cash burn of year ended October 31, 2016 to be between $700K and $800K and is satisfied that it has adequate cash resources to finance the Corporation's activities, and will continue to monitor its cash levels.

Results for the Three-Month Periods Ended January 31 (Unaudited)

	2016	2015	2014
	$	$	$
License and royalty revenues	**134,003**	142,915	146,969
Total revenues	**134,003**	142,915	146,969
Operating expenses (before transaction fees for the sale of PCA3, stock-based compensation, depreciation and amortization)	**319,760**	386,206	574,242
Net loss (before transaction fees for the sale of PCA3, stock-based compensation, depreciation and amortization)	**(185,757)**	(243,291)	(427,273)
Transaction fees for the sale of PCA3	**136,087**	—	—
Stock-based compensation	**2,334**	5,982	17,613
Depreciation of property and equipment	**91,989**	13,606	14,931
Amortization of intangible assets	**13,488**	69,392	69,922
Net loss and comprehensive loss	**(429,655)**	(332,271)	(529,739)
Basic and diluted loss per share	**(0.01)**	(0.01)	(0.01)
Weighted average number of common shares outstanding	**43,040,471**	43,040,471	43,040,471

The operating expenses and net loss before transaction fees for the sale of PCA3, stock-based compensation, depreciation and amortization, are non-GAAP measures, employed by the Corporation to monitor its performance. Therefore they are unlikely to be comparable to similar measures presented by other corporations. The Corporation calculates its operating expenses and net loss by subtracting from total expenses transaction fees for the sale of PCA3, stock-based compensation, depreciation and amortization.

Total Assets and Shareholders' Equity

Total assets amounted to $1,424,206 as at January 31, 2016, compared with $1,789,391 as at October 31, 2015. The book value per Common Share was $0.02 as at January 31, 2016, compared with $0.03 per Common Share as of October 31, 2015.

Statements of Financial Position (Unaudited)

	January 31, 2016	October 31, 2015	October 31, 2014
	$	$	$
Total assets	**1,424,206**	1,789,391	5,532,382
Shareholders' equity	**1,035,971**	1,463,292	5,039,573
Number of common shares outstanding	**43,040,471**	43,040,471	43,040,471

Cash Position and Financing Sources

Cash flows required from operating activities for the first three-month of 2016 amounted to $286,114 compared with $408,323 for the same period of 2015. This decrease of $122,209 is attributable to the operating expenses reduction and the accrued transaction fees related to the sale of PCA3. Investment activities generated cash flows of $300,186 for the first three-month of 2016, compared with $567,176 for the same period of 2015. This decrease of 266,990 is mostly attributable to the decrease in disposal of temporary investments. During the first quarter of 2016, acquisition of intangible assets amounted to $2,843 compared with $7,828 for the same period of 2015. Financing activities, primarily from the reimbursement of the long term debt required cash flows of $9,254 in the first three-month of 2016, compared to $8,416 for the same period of 2015.

DiagnoCure will continue to invest its cash reserve in liquid, high-grade investments, guaranteed by the government.

DiagnoCure's funding needs may vary depending on a number of factors. The Corporation's funding requirements for the next years will depend on its ability to conclude strategic alliances and development partnerships, as well as on the progress resulting from these agreements. The principal financing sources of the Corporation are its cash and temporary investment totaling $810,726 as at January 31, 2016. The Corporation does not have unused available financing sources as at January 31, 2016.

Consolidated Statements of Cash Flows for the First Quarters (Unaudited)

	2016	2015	2014
	$	$	$
Cash flows related to operating activities	**(286,114)**	(408,323)	(634,463)
Cash flows related to investing activities	**300,186**	567,176	402,300
Cash flows related to financing activities	**(9,254)**	(8,416)	(7,653)

Issued and Outstanding Share Capital

As of March 11th, 2016, the Corporation had 43,040,471 common shares issued and outstanding.

On February 16, 2016 all the outstanding options has expired following a Board of directors decision, in accordance with the Corporation's Stock Option Plan, to accelerate the vesting of all outstanding stock options.

On February 17, 2016 the Corporation repurchases the 4,900,000 series A convertible preferred shares of DiagnoCure held by Gen-Probe for a consideration of $1,034,740.

Long-Term Debt (Unaudited)

	January 31, 2016	October 31, 2015	October 31, 2014
	$	$	$
Loan contracted with the landlord of the Corporation's premises in Quebec City to finance the acquisition of the leasehold improvements, bearing interest at 9.53%, repayable by monthly installments of $3,209 in capital and interest, maturing in April 2016.	**9,476**	18,730	53,624
Less current portion	**9,476**	18,730	34,894
	—	—	18,730

Off-Balance Sheet Arrangements and Other Commitments

During the year ended October 31, 2007, the Corporation entered into a license agreement with Targeted Diagnostics & Therapeutics, Inc. (TDT) regarding certain intellectual property rights. This agreement is for an initial term of 10 years. The Corporation agreed to pay royalties on all products sold derived from the underlying technologies and milestone payments after achievement of 1) favorable clinical study on a GCC colorectal blood test, 2) FDA approval of a GCC colorectal blood test and 3) FDA approval of a GCC lymph node test. To date, no progress towards completion of the above milestones has been made and no amount has been accrued in these unaudited condensed consolidated interim financial statements. The total of the milestone payments that may have to be paid by the Corporation in future years is US$2,000,000.

In May 2000, The Corporation obtained an exclusive worldwide license from the University of Nijmegen, The Netherlands and in April 2007 from the Johns Hopkins University, on all diagnostic and therapeutic applications of the PCA3 molecular biomarker in relation with prostate cancer. The Corporation agreed to pay royalties on all products sold derived from the underlying technologies.

The Corporation periodically enters into research agreements or strategic alliances with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Corporation to compensate the other party for certain damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is not limited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the intellectual property indemnification obligations prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay. To date, the Corporation has not made any indemnification payments under such agreements and no amount has been accrued in these unaudited condensed interim consolidated financial statements with respect to these indemnification obligations.

As at January 31, 2016, DiagnoCure had not entered into any off-balance sheet arrangement except for premises rental contracts described in the "Contractual Obligations" section of the present report.

Critical accounting policies and Estimates

The condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements.

In preparing its condensed interim consolidated financial statements, Management is required to make estimates and assumptions that affect the amounts reported in the unaudited condensed interim consolidated financial statements and accompanying notes. The Corporation periodically evaluates its estimates and assumptions based on its past experience and other pertaining factors. Actual results could differ from those estimates. In Management's opinion, the unaudited condensed interim consolidated financial statements have been prepared using careful judgment within the reasonable limits of materiality and within the framework of the IFRS accounting policies.

They have been no other significant changes in the Corporation accounting policies and estimates since October 31, 2015. Please refer to note 2 and 4 of the audited consolidated financial statements included in the fiscal 2015 annual filling which can be found at www.sedar.com, for a complete description of our accounting policies.

Revenue recognition

Revenue arising from royalties is recognized when reasonable assurance exists regarding measurement and collectibility. Royalties are calculated as a percentage of net sales realized by the Corporation's licensees on their products. The licensee's net sales consist of revenues from product sales based on the Corporation's licensed intellectual property less estimates for chargebacks, rebates, sales incentives and allowances, distribution service fees, returns and losses. The Corporation recognizes royalties on its licensee's net sales when title and risk of loss has passed to the licensee's customer which is typically upon delivery to the licensee's customer, when estimated provisions for chargebacks, rebates, sales incentives and allowances, distribution service fees, returns and losses are reasonably determinable, and when collectability is reasonably assured.

The Corporation recognizes revenue from licensing and royalties agreements, which may include multiple elements. Revenue arrangements with multiple elements are reviewed in order to determine whether the multiple elements can be divided into separate units of accounting. If separable, the consideration received is allocated among the separate units of accounting, and the applicable revenue recognition criteria are applied to each of the separate units. Otherwise, the applicable revenue recognition criteria are applied to combined elements as a single unit of accounting.

Revenues from research collaboration agreements recognized as separate units are recognized as the contracted services are performed or when milestones are achieved, in accordance with the terms of the specific agreements and when collection is reasonably assured. Combined elements, including up-front payments for the use of technology where further services are to be provided or fees received on the signing of a license and research and development agreement, are recognized over the period of performance of the related activities. As such, up-front licensing revenue is deferred and recognized over the term during which the Corporation maintains substantive contractual obligations and amounts received in advance of recognition of revenue and reported as deferred revenues. In the event that the period of substantive obligation changes, the appropriate adjustment will be made to the amortization of deferred revenues.

Financial Risk Management

Our financial risk management remains the same as reported in our MD&A as at October 31, 2015 and which is included in our October 31, 2015 annual filling which can be found at www.sedar.com.

Financial Instruments

DiagnoCure is not party to hedging arrangements with regard to foreign exchange risk or any other similar risks.

Contractual Obligations (Unaudited)

The Corporation has incurred contract agreements for the following amounts:

		Required payments		
Contractual obligations	**Total $**	**Year 1 $**	**Years 2 and 3 $**	**Years 4 and 5 $**
Trade payable and accrued liabilities	377,556	377,556	—	—
Long-term debt	9,476	9,476	—	—
Lease agreements	20,457	20,457	—	—

The long-term debt is contracted with the landlord of the Corporation's premises in Quebec City to finance the leasehold improvements, bearing interest at 9.53%, repayable by monthly installments of $3,209 in capital and interest, maturing in April 2016.

On January 14, 2011, DiagnoCure signed a lease for 9,627 sq. ft., for a building where its head office and research and development laboratories have been relocated under a lease beginning on March 4th, 2011 and expiring in 2016. The remaining payment for this lease agreement amounts to $20,457.

During the year ended October 31, 2007, the Corporation entered into license agreements with third parties regarding certain intellectual property rights. Those agreements were for an initial term of 10 years. The Corporation agreed to pay royalties on all products sold derived from the underlying technologies and milestone payments after achievement of the respective milestones, if applicable.

Recent Accounting Pronouncements

Classification and measurement of financial assets and financial liabilities

In November 2009, the International Accounting Standards Board (IASB) issued IFRS 9 "Financial Instruments". This new standard replaces the various rules of IAS 39 "Financial Instruments: Recognition and Measurement" with a single approach to determine whether a financial asset is measured at amortized cost or fair value. This approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets.

In October 2010, the IASB issued revisions to IFRS 9, adding the requirements for classification and measurement of financial liabilities contained in IAS 39.

In November 2013, the IASB incorporated a new hedge accounting model into IFRS 9 to enable financial statements users to better understand an entity's risk exposure and its risk management activities.

In July 2014, the IASB issued the mandatory effective date of IFRS 9 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted. The Corporation is assessing the impact of this new standard on its consolidated financial statements.

Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" which is a replacement of IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. Under IFRS 15 standard, revenue is recognized at the point in time when control of the goods or services transfers to the customer rather than when the significant risks and rewards are transferred. The new standard also requires additional disclosures through notes to financial statements.

In July 2015 the IASB deferred the mandatory effective date of IFRS 15 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted.

The Corporation is assessing the impact of this new standard on its consolidated financial statements.

Presentation of financial statements

In December 2014, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the Statement of Financial Position, statement of income and statement of comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The Corporation is assessing the impact of these amendments on its consolidated financial statements.

Leases
In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 "Leases" and related interpretations. Under this new standard, which provides a single model for leases abolishing the current distinction between finance leases and operating leases, most leases will be recognized in the statement of financial position. Certain exemptions will apply for short-term leases and leases of low-value assets. IFRS 16 shall be applied to fiscal years beginning on or after January 1, 2019. Earlier application is permitted under certain conditions. The Corporation will assess the impact of this new standard on its consolidated financial statements.

Procedures and Controls Regarding Disclosure

The President and Chief Medical Officer (Chief Executive Officer) and the Senior Director, Finances and Administration (Interim Chief Financial Officer) of the Corporation are responsible for the implementation and maintenance of disclosure controls and procedures. They are assisted in this responsibility by the Disclosure Committee, which is comprised of members of the Corporation's management. The disclosure Committee requires that it be fully appraised of any material information affecting the Corporation so that it may evaluate and discuss this information and determine the appropriateness and timing of a public release.

The President and Chief Medical Officer (Chief Executive Officer) and the Senior Director, Finances and Administration (Interim Chief Financial Officer), after evaluating the effectiveness of the Company's disclosure controls and procedures as at January 31, 2016, have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

Internal Control over Financial Reporting

Internal control over financial reporting ("ICFRs") are designed to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and compliance with IFRS in its financial statements. The Corporation's President and Chief Medical Officer (Chief Executive Officer) and the Senior Director, Finances and Administration (Interim Chief Financial Officer), assisted by the Disclosure Committee have designed and evaluated the ICFRs to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. This design evaluation included documentation, activities, management inquiries and other reviews as deemed appropriate by management in consideration of the size and the nature of the Corporation's business. As at January 31, 2016, management assessed the effectiveness of the Corporation's ICFRs and based on that assessment, concluded that the Corporation's ICFRs was effective and there were no material weaknesses in our ICFRs.

Risk Factors

The Corporation's activities are subject to some risk factors that generally affect biotechnology companies. The profitability of the Corporation will depend on its ability to successfully develop its products and technologies, to preserve its intellectual property rights, to maintain its highly qualified personnel, to conclude strategic alliances, research and development partnerships, strategic out-licensing agreements, to obtain satisfactory results as regards clinical studies and to obtain regulatory approvals required to commercialize its products. These activities require important financial investments. Therefore, the Corporation's ability to obtain necessary liquidities to finance its activities is essential to ensure future success and is as such a risk factor. The reader is referred to the applicable general risk and uncertainties described in DiagnoCure's most recent Annual Information Form under the heading "Risk Factors".

Forward-Looking Statements

Management's comments and analysis are intended to facilitate understanding of the audited consolidated financial statements and accompanying notes and should therefore be read in conjunction with that information. The comments and analysis may contain forward-looking statements that involve known and unknown risks, uncertainties and assumptions that may cause actual results to differ materially from those expected. Forward-looking statements can be identified by the use of the conditional or forward-looking terminology such as "anticipates", "assumes", "believes", "estimates", "expects", "intend", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. All such forward-looking statements are made pursuant to the "safe-harbour" provisions of applicable Canadian securities laws. By their very nature, forward-looking statements are based on expectations and assumptions and also involve risks and uncertainties, known and unknown, many of which are beyond DiagnoCure's control. Forward-looking statements are presented for the purpose of

assisting investors and others in understanding certain key elements of the Corporation's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Corporation's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes and that they should not place undue reliance on these forward-looking statements. For instance, any forward-looking statements regarding the outcome of research and development projects, clinical studies and future revenues, including those related to PROGENSA® PCA3, the new multi-marker prostate cancer test and Previstage® GCC, and the Gen-Probe Transaction are based on management expectations and such outcome may vary materially depending on global political and economic conditions, dependence on collaboration partners, uncertainty of healthcare reimbursement, and marketing and distribution challenges. The forward-looking statements are based on Management's expectations and there was, to the knowledge of Management, no event or circumstance in the first quarter of 2016, likely to cause actual results to differ materially from these forward looking-statements. In addition, the reader is referred to the applicable general risks and uncertainties described in DiagnoCure's most recent Annual Information Form under the heading "Risk Factors". DiagnoCure undertakes no obligation to publicly update or revise any forward-looking statements contained herein unless required by the applicable securities laws and regulations.

Further information about DiagnoCure may be obtained on the Corporation's web site at www.diagnocure.com. Additional information, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

Québec City, Canada

March 11, 2016

(Signed)

Yves Fradet
President and Chief Medical Officer
(Chief Executive Officer)

(Signed)

Frédéric Boivin
Senior Director, Finances and Administration
(Interim Chief Financial Officer)

Notice of Disclosure of Non-Auditor Review of the condensed interim consolidated financial statements for the Three-months Periods Ended January 31, 2016 and 2015

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that they have not been reviewed by the auditor.

The accompanying condensed interim consolidated financial statements of the Corporation for the interim periods ended January 31, 2016 and 2015, have been prepared in accordance with IFRS and are the responsibility of the Corporation's management.

The Corporation's independent auditor, Ernst & Young LLP, has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professionals Accountants of Canada for a review of interim financial statements by an entity's auditor.

Dated this 11th day of March 2016

Consolidated Statements of Financial Position

(Unaudited)

	January 31, 2016	October 31, 2015
	$	$
ASSETS		
Current assets		
Cash	**555,665**	550,847
Temporary investments *(note 4)*	**255,061**	558,090
Trade and other receivables *(note 5)*	**166,741**	178,369
Investment tax credits receivable	**2,424**	2,424
Prepaid expenses	**63,183**	15,895
Total current assets	**1,043,074**	1,305,625
Property and equipment net *(note 6)*	**92,210**	184,199
Intangibles assets net *(note 7)*	**288,922**	299,567
Total Assets	**1,424,206**	1,789,391
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade payables and accrued liabilities *(note 8)*	**377,556**	304,962
Deferred revenues	**1,203**	2,407
Current portion of long-term debt (*note 9*)	**9,476**	18,730
Total current liabilities	**388,235**	326,099
Long-term debt (*note 9*)	**—**	—
Total liabilities	**388,235**	326,099
Shareholders' equity		
Share capital *(note 10)*		
Common shares	**92,098,934**	92,098,934
Preferred shares	**5,857,000**	5,857,000
Contributed surplus	**8,587,174**	8,584,840
Deficit	**(105,507,137)**	(105,077,482)
Total shareholders' equity	**1,035,971**	1,463,292
Total Liabilities and Shareholders' Equity	**1,424,206**	1,789,391

Commitments and guarantees (note 18)

See accompanying notes to the unaudited condensed consolidated interim financial statements

On behalf of the Board:

(Signed)

Jacques Simoneau
Director

(Signed)

Louise Proulx
Director

Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

	Common Share Capital $	Preferred Share Capital $	Contributed Surplus $	Deficit $	Total Shareholders' Equity $
Balance as at October 31, 2014	92,098,934	5,857,000	8,560,953	(101,477,314)	5,039,573
Net and comprehensive loss for the period	—	—	—	(332,271)	(332,271)
Stock option compensation expense	—	—	5,982	—	5,982
Balance as at January 31, 2015	92,098,934	5,857,000	8,566,935	(101,809,585)	4,713,284
Balance as at October 31, 2015	**92,098,934**	**5,857,000**	**8,584,840**	**(105,077,482)**	**1,463,292**
Net and comprehensive loss for the period	**—**	**—**	**—**	**(429,655)**	**(429,655)**
Stock option compensation expense	**—**	**—**	**2,334**	**—**	**2,334**
Balance as at January 31, 2016	**92,098,934**	**5,857,000**	**8,587,174**	**(105,507,137)**	**1,035,971**

See accompanying notes to the unaudited condensed consolidated interim financial statements

Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

For the three-month periods ended January 31

	2016	2015
	$	$
Revenues		
License and royalties revenues	**134,003**	142,915
Total revenues	**134,003**	142,915
Expenses (*note 12*)		
Research and development, net of investment tax credits	**40,672**	173,132
General and administrative	**504,653**	271,259
Selling and business development	**34,184**	58,208
Financial revenues (*note 11*)	**(1,739)**	(4,750)
Financial expenses (*note 11*)	**(14,112)**	(22,663)
Total Expenses	**563,658**	475,186
Net loss and comprehensive loss for the period	**(429,655)**	(332,271)
Basic and diluted net loss per share	**(0.01)**	(0.01)
Weighted average number of common shares outstanding	**43,040,471**	43,040,471

See accompanying notes to the unaudited condensed consolidated interim financial statements

Consolidated Statements of Cash Flows

(Unaudited)

For the three-month periods ended January 31

	2016	2015
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**(429,655)**	(332,271)
Adjustments for:		
Stock-based compensation	**2,334**	5,982
Depreciation of Property and Equipment	**91,989**	13,606
Amortization of intangible assets	**13,488**	69,392
	(321,844)	(243,291)
Net change in non-cash working capital items *(note 13)*	**35,730**	(165,032)
Cash flows related to operating activities	**(286,114)**	(408,323)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of temporary investments	**—**	(380,931)
Disposal of temporary investments	**303,029**	955,935
Acquisition of intangible assets	**(2,843)**	(7,828)
Cash flows related to investing activities	**300,186**	567,176
CASH FLOWS FROM FINANCING ACTIVITIES		
Reimbursement of long-term debt	**(9,254)**	(8,416)
Cash flows related to financing activities	**(9,254)**	(8,416)
Net change in cash and cash equivalents for the period	**4,818**	150,437
Cash, beginning of period	**550,847**	1,271,391
Cash, end of period	**555,665**	1,421,828

See accompanying notes to the unaudited condensed consolidated interim financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

As at January 31, 2016

1. INCORPORATION AND NATURE OF BUSINESS

DiagnoCure Inc. (the "Corporation") is a biotechnology Corporation which specializes in the development and commercialization of products relating to the diagnosis of cancer. The Corporation was incorporated on December 8, 1994 under the *Companies Act (Québec)* and exists under the *Business Corporations Act (Québec)*.

The Corporation intends to focus its activities on business development efforts by out-licensing, selling or partnering with third parties with regards to its Previstage® GCC and its new multimarker prostate cancer test ("PCP") in order to maximize the value of these assets. The Corporation's operations are subject to all the inherent risks related to partnering with third parties for the commercialisation, reimbursement, marketing of its products and obtaining the required financing.

DiagnoCure's common shares are listed on the Toronto Stock Exchange under the ticker symbol "CUR" and on the OTC Pink under the ticker symbol "**DGCRF"**. The head office is located at 4535, Wilfrid-Hamel Blvd, Suite 250, Québec, Québec, G1P 2J7 *(Canada)*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These condensed interim consolidated financial statements have been prepared under IFRS as issued by the International Accounting Standards Board (IASB) and in accordance with IAS 34, "Interim Financial Reporting", and using the same accounting policies and methods of computation as our most recent annual financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended October 31, 2015, which have been prepared in accordance with IFRS standards and IFRIC interpretations as issued and effective as at the time of preparing these condensed interim consolidated financial statements. They also had been prepared on an historical basis and in accordance with IAS 1, presentation of financial statements.

Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation, and have been authorized by the Board of Directors on March 11, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation

Subsidiaries

These unaudited condensed interim consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at January 31, 2016. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Corporation controls an investee if and only if the Corporation has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Corporation's subsidiaries are as follows:

Subsidiaries	Location	% of Ownership
Catalyst Oncology LP	USA	99.9%
9184-6766 Québec Inc	Canada	100%
9161-6722 Québec inc	Canada	100%

All significant inter-corporation transactions and balances have been eliminated upon consolidation.

Critical accounting policies and Estimates

In preparing its condensed interim consolidated financial statements, Management is required to make estimates and assumptions that affect the amounts reported in the unaudited condensed interim consolidated financial statements and accompanying notes. The Corporation periodically evaluates its estimates and assumptions based on its past experience and other pertaining factors. Actual results could differ from those estimates. In Management's opinion, the unaudited condensed interim consolidated financial statements have been prepared using careful judgment within the reasonable limits of materiality and within the framework of the IFRS accounting policies.

There has been no significant change in the Corporation accounting policies and estimates since October 31, 2015. Please refer to note 2 and 4 of the audited consolidated financial statements as at October 31, 2015 included in the fiscal 2015 annual filling which can be found at www.sedar.com, for a complete description of our accounting policies.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Classification and measurement of financial assets and financial liabilities

In November 2009, the International Accounting Standards Board (IASB) issued IFRS 9 "Financial Instruments". This new standard replaces the various rules of IAS 39 "Financial Instruments: Recognition and Measurement" with a single approach to determine whether a financial asset is measured at amortized cost or fair value. This approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets.

In October 2010, the IASB issued revisions to IFRS 9, adding the requirements for classification and measurement of financial liabilities contained in IAS 39.

In November 2013, the IASB incorporated a new hedge accounting model into IFRS 9 to enable financial statements users to better understand an entity's risk exposure and its risk management activities.

In July 2014, the IASB issued the mandatory effective date of IFRS 9 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted. The Corporation is assessing the impact of this new standard on its consolidated financial statements.

Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" which is a replacement of IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. Under IFRS 15 standard, revenue is recognized at the point in time when control of the goods or services transfers to the customer rather than when the significant risks and rewards are transferred. The new standard also requires additional disclosures through notes to financial statements.

In July 2015 the IASB deferred the mandatory effective date of IFRS 15 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted.

The Corporation is assessing the impact of this new standard on its consolidated financial statements.

Presentation of financial statements

In December 2014, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the Statement of Financial Position, statement of income and statement of comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1, 2016. Earlier application is permitted. The Corporation is assessing the impact of these amendments on its consolidated financial statements.

3. RECENT ACCOUNTING PRONOUNCEMENTS (Cont'd)

Leases

In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 "Leases" and related interpretations. Under this new standard, which provides a single model for leases abolishing the current distinction between finance leases and operating leases, most leases will be recognized in the statement of financial position. Certain exemptions will apply for short-term leases and leases of low-value assets. IFRS 16 shall be applied to fiscal years beginning on or after January 1, 2019. Earlier application is permitted under certain conditions. The Corporation will assess the impact of this new standard on its consolidated financial statements.

4. TEMPORARY INVESTMENTS

	January 31, 2016		October 31, 2015	
	Amortized cost	**Weighted average effective interest rate**	Amortized Cost	Weighted average effective interest rate
	$	**%**	$	%
Bonds	**255,061**	**1.21**	558,090	1.29
	255,061	**1.21**	558,090	1.29

The bonds are maturing from February to July 2016.

5. TRADE AND OTHER RECEIVABLES

	January 31, 2016	October 31, 2015
	$	$
Receivables from research and license agreements	**137,359**	107,858
Other receivables	**—**	63,522
Sales taxes	**29,382**	6,989
	166,741	178,369

Trade receivables are non-interest bearing and are generally aged from 30 to 90 days. As at January 31, 2016 and October 31, 2015 no trade receivables were past due and as a result no amount was provisioned for.

6. PROPERTY AND EQUIPMENT

	Leasehold Improvements $	Office furniture and equipment $	Laboratory Equipment $	Computer Hardware $	Total $
Cost as at October 31, 2015	439,169	105,642	39,342	172,711	756,864
Additions	—	—	—	—	—
Disposals	—	—	—	—	—
Write-offs	—	—	—	—	—
Cost as at January 31, 2016	**439,169**	**105,642**	**39,342**	**172,711**	**756,864**
Accumulated depreciation as at October 31, 2015	255,471	105,141	39,342	172,711	572,665
Depreciation charge	**91,848**	**141**	—	—	**91,989**
Disposals	—	—	—	—	—
Write-offs	—	—	—	—	—
Accumulated depreciation as at January 31, 2016	**347,319**	**105,282**	**39,342**	**172,711**	**664,654**
Net book value as at October 31, 2015	183,698	501	—	—	184,199
Net book value as at January 31, 2016	**91,850**	**360**	—	—	**92,210**

Depreciation charge of $91,989 and $— (2015 - $13,251 and $355) were included in general and administrative expenses and research and development expenses respectively in the consolidated statements of operations and comprehensive loss.

7. INTANGIBLE ASSETS

	Licenses and Patents PCA3	Licenses and Patents GCC	Licenses and Patents Total
	$	$	$
Cost as at October 31, 2015	645,721	7,171,442	7,817,163
Additions	**2,843**	**—**	**2,843**
Impairment	**—**	**—**	**—**
Disposals	**—**	**—**	**—**
Cost as at January 31, 2016	**648,564**	**7,171,442**	**7,820,006**
Accumulated amortization as at October 31, 2015	469,864	7,047,732	7,517,596
Amortization charge	**10,395**	**3,093**	**13,488**
Disposals	**—**	**—**	**—**
Accumulated amortization as at January 31, 2016	**480,259**	**7,050,825**	**7,531,084**
Net book value as at October 31, 2015	175,857	123,710	299,567
Net book value as at January 31, 2016	**168,305**	**120,617**	**288,922**

The amortization charge of $13,488 (2015 - $69,392) was included in research and development expenses in the consolidated statements of operations and comprehensive loss.

8. TRADE PAYABLE AND ACCRUED LIABILITIES

	January 31, 2016	October 31, 2015
	$	$
Trade payable	**243,260**	95,720
Salary and other benefits	**89,337**	133,033
Accrued liabilities	**44,959**	76,209
	377,556	304,962

9. LONG-TERM DEBT

	January 31, 2016	October 31, 2015
	$	$
Loan contracted with the landlord of the Corporation's premises in Quebec City to finance the acquisition of the leasehold improvements, bearing interest at 9.53%, repayable by monthly installments of $3,209 in capital and interest, maturing in April 2016.	**9,476**	18,730
Less current portion	**9,476**	18,730
	—	—

10. SHARE CAPITAL

Authorized

An unlimited number of shares of the following classes, without par value:

Common, voting and participating shares.

Preferred shares, issuable in series, non-voting, of which the rights, privileges, restrictions and conditions attached to each series will be determined by the directors upon the issuance of each series. The Serie A preferred shares have a fixed, preferential and non-cumulative dividend of 6% per annum, and may be exchanged at the option of the holder for common shares on a one-for-one basis. The Corporation has the option to redeem the preferred shares or to require their conversion into common shares in certain circumstances.

Common shares

	January 31, 2016	October 31, 2015
	$	$
Issued and fully paid		
43,040,471 common shares (43,040,471 as of October 31, 2015)	**92,098,934**	92,098,934

	January 31, 2016		October 31, 2015	
	Number of shares	**Amount $**	Number of shares	Amount $
Balance, beginning of periods	**43,040,471**	**92,098,934**	43,040,471	92,098,934
Issuance of common shares on exercise of stock options	**—**	**—**	—	—
Portion previously recognized to contributed surplus as part of stock-based compensation	**—**	**—**	—	—
Balance, end of periods	**43,040,471**	**92,098,934**	43,040,471	92,098,934

Preferred shares

	January 31, 2016	October 31, 2015
	$	$
4,900,000 Serie A Convertible Preferred Shares (4,900,000 as of October 31, 2015)	**5,857,000**	5,857,000

On February 17, 2016 the Corporation repurchases the 4,900,000 series A convertible preferred shares of DiagnoCure held by Gen-Probe for a consideration of $1,034,740.

10. SHARE CAPITAL (Cont'd)

Shareholders Rights Plan

On January 19, 2011, the Board of Directors adopted a Shareholders Rights Plan ("Rights Plan"). Under the Rights Plan, holders of common shares are entitled to one share purchase right ("Right") per each common share held, if any person on group makes a take-over bid or acquires 20% or more of the Corporation's outstanding voting shares, other than by acquisition pursuant to a permitted bid or a competing permitted bid. Each Right entitles the registered holder, other than the acquiring person and parties related to the acquirer, to purchase a common share from treasury at a 50% discount to the market price at that time, subject to adjustment in certain events. The Rights Plan will expire at the date of the annual meeting of the Corporation, in 2020, subject to the Rights Plan being reconfirmed by the Corporation's shareholders at the annual meeting of the Corporation in 2017.

Common shares

A) Issuance of shares

Common shares issuance

No common share was issued in the first quarters of 2016 and 2015.

B) Stock options

The Corporation adopted a stock option plan for its directors, senior executives, employees and sub-contractors under which a total of 7% of the Corporation's outstanding common shares were reserved for issuance. No stock options are granted for a period exceeding ten years and the exercise price of each stock option cannot be below the average market price of the five days preceding the grant. The stock options generally vest over a three-year period following the date of the grant.

The Corporation's outstanding stock options as of January 31, 2016 and 2015 and the changes that occurred during the three months periods then ended are as follows:

	2016		2015	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Options outstanding, beginning of period	**1,905,402**	**0.68**	2,087,000	0.89
Granted	**—**	**—**	—	—
	1,905,402		2,087,000	
Exercised	**—**	**—**	—	—
Cancelled or forfeited	**(125,000)**	**2.40**	(75,000)	4.23
Options outstanding, end of period	**1,780,402**	**0.56**	2,012,000	0.77
Options exercisable, end of period	**1,071,663**	**0.79**	1,177,491	1.12

10. SHARE CAPITAL (Cont'd)

B) Stock options (Cont'd)

The following table summarizes information relating to the stock options outstanding as of January 31, 2016:

	Options outstanding			Options exercisable	
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options	Weighted average exercise price $
3.83 to 3.96	**25,000**	**0.90**	**3.86**	**25,000**	**3.86**
1.80	**50,000**	**1.75**	**1.80**	**50,000**	**1.80**
0.99 to 1.23	**355,000**	**4.24**	**1.19**	**355,000**	**1.19**
0.62 to 0.82	**120,000**	**4.61**	**0.74**	**120,000**	**0.74**
0.11 to 0.44	**1,230,402**	**7.74**	**0.24**	**521,663**	**0.29**
	1,780,402	**6.57**	**0.56**	**1,071,663**	**0.79**

During the three-month period ended January 31, 2016 and 2015 the Corporation didn't granted any options to employees and directors. In the first quarter of 2016, the compensation expense for stock options was $2,334 ($5,982 in the first quarter of 2015).

On February 16, 2016 all the outstanding options of the Corporation has expired. This expiration follows the decision of the Board of directors, in accordance with the stock option plan, to accelerate the acquisition of all the stock options outstanding as at February 12, 2016 and set to February 16, 2016 the deadline for exercising them.

11. FINANCIAL REVENUES AND EXPENSES

Financial revenues for the three-month period ended

	January 31, 2016 $	January 31, 2015 $
Interest income	**1,739**	4,750
Total financial revenues	**1,739**	4,750

Financial expenses for the three-month period ended

	January 31, 2016 $	January 31, 2015 $
Interest on long term debt	**373**	1,212
Foreign Exchange gain	**(15,466)**	(24,741)
Bank Charges	**981**	866
Total financial expenses	**(14,112)**	(22,663)

12. EXPENSES BY NATURE

	January 31, 2016	January 31, 2015
	$	$
Research and development costs and intellectual property	**27,184**	77,976
Research and development tax credits	**—**	(2,114)
Employee benefit expenses	**121,064**	157,024
Legal, Professional fees and Public Corporation expenses	**213,104**	93,104
Royalties	**53,601**	28,583
Lease and Office expenses	**56,745**	59,046
Depreciation of property and equipment	**91,989**	13,606
Amortization of intangible	**13,488**	69,392
Stock-based compensation	**2,334**	5,982
Interest income	**(1,739)**	(4,750)
Interest on long term debt	**373**	1,212
Foreign exchange gain	**(15,466)**	(24,741)
Bank charges	**981**	866
	563,658	475,186

13. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash working capital balances related to operations is as follows:

	January 31, 2016	January 31, 2015
	$	$
Decrease (Increase) in:		
Trade receivables	**11,628**	(10,221)
Investment tax credits receivable	**—**	(2,114)
Prepaid expenses	**(47,288)**	(72,602)
Increase (Decrease) in:		
Trade payables and accrued liabilities	**72,594**	(78,892)
Deferred revenues	**(1,204)**	(1,203)
Net change in non-cash working capital	**35,730**	(165,032)

14. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured at fair value or amortized cost. The classification of the financial instruments as well as their carrying values and fair values are shown in the table below:

	January 31, 2016					
	Held-to-maturity	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Carrying value total**	**Fair value total**
	$	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash	**—**	**555,665**	**—**	**—**	**555,665**	**555,665**
Temporary investments	**255,061**	**—**	**—**	**—**	**255,061**	**254,790**
Trade receivables [1]	**—**	**—**	**137,359**	**—**	**137,359**	**137,359**
	255,061	**555,665**	**137,359**	**—**	**948,085**	**947,814**
Financial liabilities						
Trade payables and accrued liabilities [2]	**—**	**—**	**—**	**377,556**	**377,556**	**377,556**
Long-term debt	**—**	**—**	**—**	**9,476**	**9,476**	**8,723**
	—	**—**	**—**	**387,032**	**387,032**	**386,279**

	October 31, 2015					
	Held-to-maturity	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Carrying value total	Fair value total
	$	$	$	$	$	$
Financial assets						
Cash	—	550,847	—	—	550,847	550,847
Temporary investments	558,090	—	—	—	558,090	560,966
Trade receivables [1]	—	—	171,380	—	171,380	171,380
	558,090	550,847	171,380	—	1,280,317	1,283,193
Financial liabilities						
Trade payables and accrued liabilities [2]	—	—	—	304,962	304,962	304,962
Long-term debt	—	—	—	18,730	18,730	17,317
	—	—	—	323,692	323,692	322,279

1) Excluding sales taxes as these amounts are not contractual rights to receive cash.
2) Excluding certain reserves if the amounts are not contractual obligations to deliver cash.

14. FINANCIAL INSTRUMENTS (Cont'd)

Quantitative disclosures fair value measurement hierarchy for assets as at January 31, 2016

			Fair value measurement using		
	Date of valuation	Total $	Quoted prices in active markets (Level 1) $	Significant observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $
Assets for which fair values are disclosed					
Temporary investments	January 31, 2016	**254,790**	**—**	**254,790**	**—**
		254,790	**—**	**254,790**	**—**
Liabilities for which fair values are disclosed					
Long-term debt	January 31, 2016	**8,723**	**—**	**8,723**	**—**
		8,723	**—**	**8,723**	**—**

There have been no transfers between level 1 and level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for assets as at October 31, 2015

			Fair value measurement using		
	Date of valuation	Total $	Quoted prices in active markets (Level 1) $	Significant observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $
Assets for which fair values are disclosed					
Temporary investments	October 31, 2015	560,966	—	560,966	—
		560,966	—	560,966	—
Liabilities for which fair values are disclosed					
Long-term debt	October 31, 2015	17,317	—	17,317	—
		17,317	—	17,317	—

There have been no transfers between level 1 and level 2 during the year.

Liquidity risk

Liquidity risk is the risk that the Corporation is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Corporation's growth is financed on an annual basis through a combination of cash on hand and the issuance of equity. One of management's primary goals is to maintain an optimal level of liquidity through the active management of assets and liabilities as well as cash flows.

The following tables provide the maturities of financial liabilities:

	January 31, 2016				
	Due in 1 year or less $	**Due in 1 to 3 years $**	**Due in 4 to 5 years $**	**Due in over 5 years $**	**Total $**
Trade payables and accrued liabilities	**377,556**	**—**	**—**	**—**	**377,556**
Long term debt	**9,476**	**—**	**—**	**—**	**9,476**
Total	**387,032**	**—**	**—**	**—**	**387,032**

14. FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk (Cont'd)

	October 31, 2015				
	Due in 1 year or less $	Due in 1 to 3 years $	Due in 4 to 5 years $	Due in over 5 years $	Total $
Trade payables and accrued liabilities	304,962	—	—	—	304,962
Long term debt	18,730	—	—	—	18,730
Total	323,692	—	—	—	323,692

Foreign currency risk

The Corporation operates internationally and a portion of its revenues and expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollars relative to the US dollar could have a material effect on its consolidated results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations.

The Corporation maintains cash, trade receivables, trade payables and accrued liabilities in US dollars and is therefore exposed to foreign exchange risk on these balances.

The significant balances in foreign currencies are as follow:

	January 31, 2016	October 31, 2015
	US dollars $	US dollars $
Cash	**153,490**	119,272
Trade receivables	**97,556**	130,731
Trade payables and accrued liabilities	**(83,458)**	(56,379)
Net exposure	**167,588**	193,624

Based on the aforementioned net exposure as at January 31, 2016 and October 31, 2015, and assuming that all other variable remain constant, a 5% rise or fall in the Canadian dollar against the US dollar would have resulted in a decrease (increase) in the net loss as follows:

	2016		2015	
	Canadian dollars		Canadian dollars	
	Appreciates 5% $	**Depreciates 5% $**	Appreciates 5% $	Depreciates 5% $
Against US dollar				
Net loss	**(8,379)**	**8,379**	(9,681)	9,681

14. FINANCIAL INSTRUMENTS (Cont'd)

Interest rate risk

Financial assets and financial liabilities that bear interest at fixed rates are subject to interest rate risk. The Corporation's cash and temporary investments are the only financial assets bearing fixed interest rates. The Corporation does not believe that the results of its operations or its cash flows would be affected to any significant degree by a sudden change in market interest rates relative to fixed interest rates on cash and temporary investments.

15. SEGMENTED INFORMATION

The Corporation operates in a single business segment being the biotechnologies. Almost all its assets are located in Canada.

For Q1 2016, one American client represented 100% (100% in Q1 2015) of the revenues from external sales.

For Q1 2016 and 2015, the total external sales, were mainly derived from revenue under research and license agreement and were attributable to the United States. The Corporation determines the revenues by country based on where the product or service is delivered. For Q1 2016 and 2015, all revenue under research and license agreement was derived from the United States.

16. LOSS PER SHARE

The convertible preferred shares and the stock options were not included in the diluted loss per share calculation because the Corporation is in a loss position and the inclusion of these instruments would be anti-dilutive.

No adjustments were required to the net loss for purposes of calculating basic and diluted loss per share and to the weighted average number of shares outstanding for the purpose of calculating diluted loss per share, because it would be anti-dilutive.

17. MANAGEMENT OF CAPITAL

The Corporation's objectives when managing capital is to safeguard its ability to continue as a going concern, to provide returns for shareholders and to minimize its cost of capital.

In the management of capital, the Corporation includes shareholders' equity which amounts to $1,035,971 as of January 31, 201 ($1,463,292 as of October 31, 2015).

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to maintain its ongoing operations. To secure additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of debt or equity, through merger and acquisitions transactions, by securing additional partnerships or by disposing of assets.

The Corporation is satisfied that it has adequate cash resources to carry out its ongoing operations.

18. COMMITMENTS AND GUARANTEES

As at January 31, 2016, the Corporation has obligations under leases maturing in 2016. The minimum payments in relation with these leases for the next fiscal year are as follows: 2016 - $20,457.

During the year ended October 31, 2007, the Corporation entered into a license agreement with Targeted Diagnostics & Therapeutics, Inc. (TDT) regarding certain intellectual property rights. This agreement is for an initial term of 10 years. The Corporation agreed to pay royalties on all products sold derived from the underlying technologies and milestone payments after achievement of 1) favorable clinical study on a GCC colorectal blood test, 2) FDA approval of a GCC colorectal blood test and 3) FDA approval of a GCC lymph node test. To date, no progress towards completion of the above milestones has been made and no amount has been accrued in these consolidated financial statements. The total of the milestone payments that may have to be paid by the Corporation in future years is US$2,000,000.

In May 2000, The Corporation obtained an exclusive worldwide license from the University of Nijmegen, The Netherlands and in April 2007 from the Johns Hopkins University, on all diagnostic and therapeutic applications of the PCA3 molecular biomarker in relation with prostate cancer. The Corporation agreed to pay royalties on all products sold derived from the underlying technologies.

18. COMMITMENTS AND GUARANTEES (Cont'd)

The Corporation periodically enters into research agreements or strategic alliances with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Corporation to compensate the other party for certain damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is not limited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the intellectual property indemnification obligations prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay. To date, the Corporation has not made any indemnification payments under such agreements and no amount has been accrued in these unaudited condensed interim consolidated financial statements with respect to these indemnification obligations.

19. EVENTS AFTER THE REPORTING PERIOD

PCA3 Transaction

On February 12, 2016 Shareholder's approved the special resolutions related to both the asset sale of the Corporation's PCA3 prostate cancer biomarker to Gen-Probe Incorporated and the reduction of stated capital.

On February 17, 2016 the Corporation close transaction related to the sale of the PCA3 asset to Hologic for $6,534,740 and the repurchase by the Corporation of the 4,900,000 series A convertible preferred shares of DiagnoCure held by Gen-Probe at a value of $1,034,740.

On March 11, 2016, the Corporation proceeds, as approved by its Board of directors and Shareholders, with a $5,200,000 return of capital to its shareholders from proceeds of the PCA3 asset sale transaction in connection with the reduction of stated capital held with respect to the Corporation's common shares.

Stock-Options

On February 16, 2016 all the outstanding options of the Corporation has expired. This expiration follows the decision of the Board of directors, in accordance with the stock option plan, to accelerate the acquisition of all the stock options outstanding as at February 12, 2016 and set to February 16, 2016 the deadline for exercising them.