

BIOQUAL, Inc.

Trading Symbol: BIOQ

Company Information and Continuing Disclosure Statement

For the Quarter Ended:

August 31, 2018

BIOQUAL, Inc.

Information and Disclosure for the quarter ended August 31, 2018

The Company voluntarily reports information through the OTC Markets platform. This document constitutes part of the Company's voluntary reporting and should be read in conjunction with other filings by the Company.

FORWARD LOOKING STATEMENTS

Statements herein that are not descriptions of historical facts are forward-looking and subject to risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors including risks relating to the ability to continue to extend current government contracts and obtain new contracts; the Company's ability to obtain new government or commercial contracts; continued demand for the use of animal models in scientific research; the Company's ability to perform under its contracts in accordance with the requirements of the contracts; the actual costs incurred in performing the Company's contracts and its ability to manage its costs, including its capital expenditures; dependence on third parties; future capital needs; the ability to fund its capital needs through the use of its cash on hand and line of credit; and the future availability and cost of financing/capital sources to the Company.

1) Name of the issuer and its predecessors (if any) within the past five years

BIOQUAL, Inc.

2) Address of the issuer's principal executive offices

Company Headquarters

Address: 4 Research Court, Suite 100, Rockville, Maryland 20850

Phone: 240-404-7654

Email: irinfo@bioqual.com

Website: www.bioqual.com

Investor Relations – Same

3) Security Information

Trading Symbol: BIOQ

Exact title and class of securities outstanding: Common Stock

CUSIP: 09065101

Par or Stated Value: \$.01

Total shares authorized: 5,000,000 as of August 31, 2018

Total shares outstanding: 894,416 as of August 31, 2018

Transfer Agent

Computershare, Inc.

P.O. Box 43078

Providence, RI 02940

www.computershare.com

Is the transfer agent registered under the Exchange Act? Yes

List any restrictions on the transfer of security: None

Describe any trading suspension orders issued by the SEC in the past 12 months: None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:
None

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period.

On October 11, 2017, the Board of Directors and Dr. Mark Lewis, Chairman of the Board and the Company's President and Chief Executive Officer entered into an agreement granting Dr. Lewis 1,000 restricted shares of the Company's Common Stock. Under the agreement, during the three-year period following the grant, the Company will maintain possession of the stock certificate, and Dr. Lewis is prohibited from selling, transferring, pledging, hypothecating, assigning or otherwise disposing of the shares. Additionally, if Dr. Lewis' employment with the Company is terminated during the three-year period, he will forfeit the shares and the shares shall be deemed canceled. The certificate contains a legend stating that the shares have not been registered under the Securities Act as well as other restrictions on the transferability and sale of the shares under the Securities Act.

On April 18, 2018, at the Annual Shareholder Meeting, the shareholders approved the amendment to the Company's Certificate of Incorporation to reduce the number of authorized Common shares from twenty five million (25,000,000) shares to five million (5,000,000) shares.

5) Financial Statements

Unaudited financial statements for the period ending **August 31, 2018** are attached hereto and posted to www.bioqual.com/financials-press/.

6) Describe the Issuer's Business, Products and Services

A. a description of the issuer's business operations:

BIOQUAL, Inc., formerly Diagon Corporation (the "Company" or "BIOQUAL"), was founded in 1981 to develop, produce and sell diagnostic test kits incorporating monoclonal antibodies to diagnose certain anemias, infections, and parasitic diseases. In fiscal year 1988, the Company discontinued the diagnostic test kit segment of its business to concentrate on and to expand its contract research base with the National Institutes of Health (NIH).

On December 31, 1999, Diagon Corporation ("Diagon") changed its name to BIOQUAL, Inc. The name change was effected as a result of the merger of Diagon and its wholly - owned subsidiary, BIOQUAL, Inc., with Diagon being the surviving corporation. In the merger, Diagon adopted the name BIOQUAL, Inc. as the name of the surviving entity.

The Company currently performs contract research services primarily focused on animal models of human diseases including AIDS, influenza, RSV infection, Flavivirus infections (including Zika and Dengue), malaria, hepatitis and cancer. The

Company is actively involved in the evaluation of vaccines, vaccine therapeutics, microbicides and drug therapies.

B. date and state (or jurisdiction) of Incorporation:

The Company was incorporated on June 1, 1981, in the state of Delaware.

C. the issuer's primary and secondary SIC Codes:

Primary - 8731 - Commercial Physical and Biological Research
Secondary - None

D. the issuer's fiscal year end date:

May 31

E. principal products or services, and their markets:

The Company currently performs contract research services primarily focused on animal models of human diseases including AIDS, influenza, RSV infection, Flavivirus infections (including Zika and Dengue), malaria, hepatitis and cancer. The Company also performs *in vitro* contract research services. The Company is actively involved in the evaluation of vaccines, vaccine therapeutics, microbicides and drug therapies. The Company provides its services to the federal government, universities and the life science and pharmaceutical industries.

7) Describe the Issuer's Facilities

The Company currently leases space in four facilities in Rockville, Maryland, totaling 127,867 square feet. Approximately 85,000 square feet operates as a vivarium, approximately 7,000 square feet operates as an *In Vitro* laboratory, and the balance serves as office space. The Company maintains the condition of its facilities so that each facility is adequate for the performance of the Company's current contractual obligations.

Lease details for each facility are listed below:

<u>Street Address</u>	<u>City, State</u>	<u>Square Feet</u>	<u>Expiration Date</u>	<u>Options</u>
4 Research Ct. (Corporate HQ & Labs)	Rockville, MD	13,937	3/31/2021	5 years
12301 Parklawn Dr. (Vivarium)	Rockville, MD	49,185	5/31/2024	5 years
2501 Research Blvd. (Vivarium)	Rockville, MD	30,000	5/31/2022	none
1330 Piccard Dr. (Vivarium)	Rockville, MD	34,745	4/30/2026	10 years

The Company is obligated, as lessee, under non-cancelable operating leases covering its facilities (as shown above) and certain equipment at various dates through 2026. Rent expense for the first three months of fiscal year 2019 was approximately \$829,000. As of May 31, 2018, the total of the future minimum rental payments is approximately \$19,012,000 through 2026.

During the first three months of fiscal year 2019, the Company directed approximately \$339,000 towards capital expenditures compared to \$699,000 in the first quarter of the previous fiscal year. These expenditures were necessary to provide additional equipment and nonhuman primate (NHP) and rodent cages for research being performed in the Company's laboratories. The Company has been able to continue to fund all of these expenditures through the use of available cash provided by profits.

During the next nine months, the Company estimates the aggregate purchase price of equipment to upgrade older equipment, enhance its capabilities, add NHP and small animal caging, and to continue renovating animal housing space will total approximately \$1,600,000.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons:

Mark G. Lewis, Chairman of the Board, President and CEO
J. Thomas August, Director, shareholder of greater than 10% of the Company's outstanding Common Stock
Charles Francisco, Director
Charles Gauvin, Director
Michael O'Flaherty, Director
David Landon,¹ Director
Vivek Shinde Patil,² Director
Mitchell Franklin, Chief Operating Officer, Secretary
David Newcomer, Chief Financial Officer
John Landon,³ Control Person as a result of being a shareholder of greater than 10% of the Company's outstanding Common Stock

¹ David Landon is the son of John C. Landon, the retired former Chairman of the Board, CEO, and President of BIOQUAL.

² The Board of Directors elected Dr. Patil to the Board on July 25, 2018, following the Board's decision to increase the number of directors from six to seven. The Board intends to nominate Dr. Patil for election as a director of the Company and submit the resolution that increased the number of directors at the Company's next annual meeting of shareholders.

³ John C. Landon is the father of David Landon.

B. Legal/Disciplinary History: None of the forgoing persons have, in the last five years, been subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or
4. The entry of an order by self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Beneficial Shareholders – To the Company's knowledge, the name, address and percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities:

J. Thomas August – 19.8%
905 Poplar Hill Road
Baltimore, MD 21210

John Landon – 17.4%
3 Blueberry Lane
Walpole, MA 02081

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Andrew Mishkin, Esq.
Duane Morris
505 9th Street, N.W.
Suite 1000
Washington, DC 20004-2166
Phone: 202-776-7864
Email address: aemishkin@duanemorris.com

Catherine Walters, Esq.
BYBEL RUTLEDGE LLP
1017 Mumma Road
Suite 302
Lemoyne, PA 17043
Phone: 717- 731-1700 Ext. 133
Email address: walters@bybelrutledge.com

Accountant or Auditor

James M. Muscatello, CPA
Aronson LLC
805 King Farm Blvd.
Suite 300
Rockville, MD 20850
Phone: 301-231-6200
Email address: jmuscatello@aronsonllc.com

Investor Relations Consultant

None

Other Advisor

None

10) Issuer Certification

Each of Mark G. Lewis, President and Chief Executive Officer, and David A. Newcomer, Chief Financial Officer, certifies that:

1. I have reviewed this annual disclosure statement of BIOQUAL, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/ Mark G. Lewis
President and CEO

Date: October 19, 2018

/s/ David A. Newcomer
Chief Financial Officer

Date: October 19, 2018