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# U.S. SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-KSB

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

For the fiscal year ended December 31, 2004

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

For the transition period from _____ to _____

Commission file number 0-27239

# GENEMAX CORP.

(Exact name of small business issuer as specified in its charter)

| NEVADA | 88-0277072 |
|---|---|
| (State or other jurisdiction of incorporation of organization) | (I.R.S. Employer Identification No.) |

900 West Hastings Street
Vancouver, British Columbia
Canada V6C 1E5

(Address of Principal Executive Offices)

(604) 331-0400

(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Exchange Act: None.

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, Par Value $0.001

(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Check here if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this Form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. o

The Registrant's revenues for the fiscal year ended December 31, 2004 were $0.

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of April 14, 2005 was approximately $9,043,375 based upon the average bid and ask price on that date.

The number of shares of the Registrant's Common Stock outstanding as of April 14, 2005 was 29,172,176.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the 2005 Annual Meeting of Shareholders are incorporated by reference in Part III of this Report on Form 10-KSB.

## FORWARD LOOKING STATEMENTS

Statements made in this Form 10-KSB that are not historical or current facts are “forward-looking statements” made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements often can be identified by the use of terms such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” “approximate” or “continue,” or the negative thereof. The company intends that such forward-looking statements be subject to the safe harbors for such statements. The company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management’s best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond the control of the company that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. The company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

### Available Information

GeneMax Corp. files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). You may read and copy documents referred to in this Annual Report on Form 10-KSB that have been filed with the Commission at the Commission’s Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. You can also obtain copies of our Commission filings by accessing the Commission’s website at http://www.sec.gov.

### References

In this Annual Report, the terms “we,” “us,” and the “company” refer to GeneMax Corp. and, where the context so requires or suggests, our direct and indirect subsidiaries. References to “dollars” or “$” are to United States Dollars.

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# PART I

## ITEM 1 DESCRIPTION OF BUSINESS

### Company Overview

GeneMax is a biotechnology company whose strategic vision is to develop and market products specializing in the application of the latest discoveries in cellular and molecular immunology and cancer biology to the development of proprietary therapeutics aimed at the treatment and eradication of cancer and prevention of infectious diseases. Our technologies are based on an understanding of the function of a protein "pump," known as TAP, which is located within cells and which is essential to the processing of foreign (microbial) or autologous antigens, and subsequent presentation to the immune system for eradication of the cancer or infected cell. The company currently has none of its product candidates on the market and is focusing on the development and testing of its product candidates.

The current standard therapies for cancer treatment include surgery, radiation therapy and chemotherapy. However, we believe that these treatments are not precise in targeting only cancerous cells and often fail to remove or destroy all of the cancer. The remaining cancer cells may then grow into new tumors, which can be resistant to further chemotherapy or radiation, which may result in death. In the United States, the American Cancer Society estimates that in 2005 cancer will be the second leading cause of death, with an estimated 600,000 deaths from cancer annually.

### Company History

GeneMax Corp., a Nevada corporation, currently trades on the OTC Bulletin Board under the symbol "GMXX" and the Frankfurt and Berlin Stock Exchanges under the symbol "GX1." GeneMax Corp. is referred to in this Form 10-KSB as the "company."

GeneMax was incorporated under the laws of the State of Nevada in 1991 under the name "Ward's Futura Automotive Ltd." The company changed its name a number of times since 1991, and in July 2002, the company completed the acquisition of GeneMax Pharmaceuticals Inc., a Delaware corporation, in a reverse merger and changed its name to "GeneMax Corp." As a result of this transaction, the former stockholders of GeneMax Pharmaceuticals owned 75% of the total issued and outstanding shares of GeneMax. GeneMax Pharmaceuticals is now a wholly owned subsidiary of GeneMax, and GeneMax Pharmaceuticals Canada Inc., a British Columbia corporation, is a wholly owned subsidiary of GeneMax Pharmaceuticals.

### The Immunotherapy Industry for Cancer

Management believes that there is a critical need for more effective cancer therapies. Management further believes that the global market for effective cancer treatments is large, and that immunotherapies representing potential treatments for metastatic cancer are an unmet need in the area of oncology.

The human immune system appears to have the potential to clear cancers from the body, based on clinical observations that some tumors spontaneously regress when the immune system is activated. Most cancers are not very "immunogenic," however, meaning that the cancers are not able to induce an immune response because they no longer express sufficient levels of key proteins on their cell surface, known as Major Histocompatability Class 1 or MHC Class I proteins. In healthy cells, these proteins provide the information to the immune system that defines whether the cell is healthy or, in the case of cancer or viral infection, abnormal. If the MHC Class I proteins signal that the cells are abnormal, then the immune system's T-cells are activated to attack and kill the infected or malignant cell.

In many solid cancer tumors, the TAP protein system does not function and, therefore, the immune system is not stimulated to attack the cancer. Management believes that although a number of cancer therapies have been developed that stimulate the immune system, these approaches have often proven ineffective because the cancers remain invisible to the immune system due to this apparent lack of or low expression of the TAP protein.

By restoring TAP expression to TAP-deficient cells, the MHC Class I protein peptide complexes could signal the immune system to attack the cancer. The strategic vision of GeneMax is to be a product-driven biotechnology company, focusing primarily on use of its patented TAP technology to restore the TAP function within cancerous cells, thus making them immunogenic, or more "visible" to cancer fighting immune cells. As part of its overall strategy, and with additional funding, the company also intends to pursue the development of prophylactic vaccines against infectious microbes. The company intends to develop the TAP technology for use as a therapeutic cancer vaccine that management believes will restore the normal immune recognition. Management further believes that this cancer vaccine strategy is the only therapeutic approach that addresses this problem of "non-immunogenicity" of cancer. Management believes that this therapy may have a strong competitive advantage over other cancer therapies, since restoring the TAP protein will direct the immune system to specifically target the cancerous cells without damaging healthy tissue.

**GeneMax's Target Market and Strategy**

GeneMax is currently pursuing product development in oncology. With additional funding, the company will also pursue product development in prophylactic vaccines. Cancer encompasses a large number of diseases that affect many different parts of the human body. The diversity of cancer types and their overall prevalence create a large need for new and improved treatments. Management believes that there is a significant market opportunity for a cancer treatment that utilizes the highly specific defense mechanisms of the immune system to attack cancers. Based upon recent market reports, management believes that the market for cancer vaccines could be approximately $2 billion by 2007, with a compounded annual growth rate of 104%. Our goal is to have the FDA approve our cancer vaccine within the next few years so that we can secure a portion of this market.

Management also believes that our peptide transfer assay, which is a cell-based assay designed to evaluate compounds and drugs for their ability to stimulate or suppress the immune response, will also be of significant interest to pharmaceutical companies, companies with natural product libraries, anti-sense or gene libraries or proprietary rights to chemical compounds (e.g. combinatorial chemistry companies). Additional funding will be required to exploit this opportunity, and the company is not currently supporting its development. However, the company recognizes that the technology may be strategic to future developments and, accordingly, the technology has been licensed and will continue to be protected by the company.

**Research and Development Efforts**

We direct our research and development efforts towards the development of immunotherapeutic and prophylactic vaccine products for the treatment of cancer and protection against pathogenic microbes respectively, using our proprietary TAP technology. We have focused our efforts initially on the development of a therapeutic vaccine for applications in cancer treatment while demonstrating the breadth of the TAP technology for the development of prophylactic vaccines and its ability to complement currently approved and emerging products in both cancer therapeutics and prophylactic vaccines against microbes. This approach allows the company to pursue its own internal product development while positioning the company to enter into multiple partnerships and licensing agreements. The company produces its TAP vaccines by inserting the TAP gene material into a proprietary, modified adeno virus licensed from Crucell (Netherlands), and it is used as the prototype vaccine product for performing in-vitro immunological and animal preclinical studies. We have organized our research and development efforts to take advantage of our partners' capabilities while reducing our overhead costs. Our relationship with the University of British Columbia allows the company to conduct contract research and development by employing highly skilled scientists at the Biomedical Research Center (BRC). The research and development team, lead by Dr. Wilf Jefferies at the BRC, perform the basic research on the biological function of TAP and related licensed technology as well as preclinical animal studies in cancer and infectious diseases. We also receive a substantive amount of technical support from our licensing partner, Crucell, in the development of our TAP adeno virus based vaccine product. Further, the company contracts out through Molecular Medicine (USA) the production of clinical grade vaccine product to be used in preclinical and clinical studies that require production facilities with Good Manufacturing Practices (GMP) and Good Laboratory Practices (GLP) certification.

**Products and Technology in Development**

**TAP Cancer Vaccine**

GeneMax is currently developing the TAP Cancer Vaccine at the University of British Columbia Biomedical Research Centre under an agreement we refer to in this Form 10-KSB as our Collaborative Research Agreement. This therapeutic cancer vaccine candidate, to be tested in preclinical toxicology studies, will, if successfully developed, include the patented use of the TAP-1 gene to restore the TAP protein, with the objective being to develop the TAP technology as a therapeutic cancer vaccine that will restore the normal immune recognition of cancer cells. The TAP Cancer Vaccine will be targeted at those cancers that are deficient in the TAP protein, which include breast cancer, prostate cancer, lung cancer, liver cancer, melanoma, renal cancer and colorectal cancer.

Management believes that the TAP Cancer Vaccine will deliver the genetic information required for the production of the TAP protein in the target cancer cell. This will trigger the cancer cell's ability to effectively identify itself to the body's immune system by transporting the cancer antigen peptides to the cell surface using the individual's specific MHC Class I proteins. As a result, we believe that the immune response could be targeted to the entire repertoire of cancer antigen peptides produced by the cancer cell, rather than just to a single cancer antigen, as delivered by current cancer vaccines. The TAP Cancer Vaccine could allow the immune response to respond to the cancer even if the TAP protein and genetic information were only delivered to a small portion of the cancer cells. In addition, the TAP Cancer Vaccine would generate an immune response to any TAP-deficient cancer, regardless of the patient's individual genetic variability either in the MHC Class I proteins or in the cancer-specific proteins and resultant peptides.

In general, a "cancer vaccine" is a therapy whose goal is to stimulate the immune system to attack tumors. Management believes that most current cancer vaccines contain either cancer-specific proteins that directly activate the immune system or contain genetic information, such as DNA, that encodes these cancer-specific proteins. Management believes that there are a number of key conditions that must be met before a cancer vaccine can be effective in generating a therapeutic immune response: (i) the cancer antigen peptide delivered by the vaccine has to be recognized by the immune system as "abnormal" or "foreign" in order to generate a strong and specific T-cell response; (ii) the same cancer antigen peptide has to be displayed on the surface of the cancer cells in association with the MHC Class I proteins; and (iii) these cancer antigen peptides then have to be sufficiently different from normal proteins in order to generate a strong anti-tumor response.

If these conditions are all met, then management believes that such cancer vaccines should generate a sufficiently strong immune response to kill the cancer cells. However, the identification of suitable cancer-specific antigen proteins to use in these therapeutic vaccines has proven extremely complex. In addition, the MHC Class I proteins are highly variable, with over 100 different types in humans and, as a result, any one-cancer antigen peptide will not produce an immune response for all individuals. Cancers are "genetically unstable" and their proteins are highly variable, so that the selected cancer antigen protein may result in the immune system only attacking a small subset of the cancerous cells.

*Laboratory Testing of the TAP Cancer Vaccine*

Management believes that the key milestone of efficacy in animal models of cancer has been attained and that other scientific research teams have validated the experimental data from these animal studies. The proof of principle for the TAP technology as a cancer vaccine was established in research conducted during the last ten years in the laboratory at the Biomedical Research Center by Dr. Wilfred Jefferies, a director and executive officer of GeneMax. The initial studies were conducted using a small-cell lung cancer cell line that was derived from an aggressive, metastatic cancer. These cells have multiple defects in the "antigen presentation pathway" in that they are not detected by the immune system. When the TAP protein was introduced into these cells, antigen presentation was restored. In addition, a series of animal studies have demonstrated the ability of TAP to restore an immune response. This study was published in Nature Biotechnology (Vol. 18, pp. 515-520, May 2000). Management believes that the TAP technology has been further validated in melanoma, where animal studies similar to the small-cell lung cancer studies described above were performed and similar results were achieved.

*Pre-Clinical Testing*

GeneMax has completed pre-clinical animal testing of its TAP Cancer Vaccine to the extent that is required as a prerequisite for further preclinical toxicology analysis and Investigational New Drug (or IND) application to the FDA. The pre-clinical testing of the TAP Cancer Vaccine to date included the evaluation of several strains of vaccinia and adenovirus vectors to assess their respective ability to deliver the correct genetic information allowing expression of the TAP protein in tumors, the selection and licensing of the vector from Crucell and the identification and entering into an agreement, that we refer to in this Form 10-KSB as our Production Services Agreement, with Molecular Medicine BioServices, Inc., a Good Manufacturing Practice (or GMP) manufacturer, for subsequent production of the TAP Cancer Vaccine. The company has to complete the performance of toxicology studies using the TAP Cancer Vaccine on at least two animal species to confirm its non-toxicity. In addition, we must complete initial vaccine production, and develop internal and external clinical trials, support personnel and infrastructure before commencing clinical trials.

Once the formal pre-clinical testing is completed, we intend to compile and summarize the data and submit it to the United States Federal Drug Administration, or FDA, and/or the Canadian Health Canada, or HC, and/or other national regulatory agencies, in the form of an investigational new drug application. We anticipate that these applications would include data on vaccine production, animal studies and toxicology studies, as well as proposed protocols for the Phase I human clinical trials, described below.

*Phase I Human Clinical Trials*

Management believes that, subject to the completion of remaining pre-clinical work and financing, estimated at approximately $5,000,000, the Phase I human clinical trials could commence in the first half of 2006. The Phase I human clinical trials will be designed to provide data on the safety of the TAP Cancer Vaccine when used in humans. The company intends to conduct the Phase I human clinical trials at the British Columbia Cancer Agency in Vancouver, British Columbia or other locations under evaluation. These trials will be conducted in respect of certain carcinomas. The company has presented information on the TAP Cancer Vaccine to members of the Department of Advanced Therapeutics of the British Columbia Cancer Agency, with the intent of obtaining their assistance in the design and execution of the clinical study.

Clinical trials to support new drug applications are typically conducted in three sequential phases, although the phases may overlap. During Phase I, there is an initial introduction of the therapeutic candidate into healthy human subjects or patients. The drug is tested to assess metabolism, pharmacokinetics and pharmacological actions and safety, including side effects associated with increasing doses. Phase II usually involves studies in a limited patient population to assess the clinical activity of the drug in specific targeted indications, assess dosage tolerance and optimal dosage and continue to identify possible adverse effects and safety risks. If the therapeutic candidate is found to be potentially effective and to have an acceptable safety profile in Phase II evaluations, Phase III trials are undertaken to further demonstrate clinical efficacy and to further test for safety within an expanded patient population at geographically dispersed clinical trial sites.

**Future Products and Technology**

**Peptide Transfer Assay**

We are attempting to develop potential products that may stimulate or interrupt the chain of events involved in certain immune system-related diseases. One such potential product, referred to in this Form 10-KSB as the Peptide Transfer Assay, would be used to identify compounds effective in the treatment of cancer, infectious diseases, autoimmune diseases and transplant rejection. Autoimmune diseases include, but are not limited to, psoriasis, rheumatoid arthritis, multiple sclerosis, myasthenia gravis and diabetes. T cells and antibodies in the body’s immune system normally identify and destroy foreign substances and cancerous cells. Autoimmune diseases are generally caused by the abnormal destruction of healthy body tissues when T cells and antibodies react against normal tissue.

The Peptide Transfer Assay is ready for development for high-throughput screening and partnering. High-throughput screening is the use of robotics and automated industrial processes used to speed up the drug discovery process, testing large number of compounds against certain targets. Additional funding will be required to exploit this opportunity, however, the technology has been licensed and will continue to be protected by the company.

**Screen for Regulators of Antigenicity**

GeneMax recently licensed drug discovery technology that can be used to identify small molecule regulators of the immune response. We refer to this technology in this Form 10-KSB as the Screen for Regulators of Antigenicity Technology. Management believes that the Screen for Regulators of Antigenicity Technology can be used to screen and select new drugs that regulate immune responses, and that it has relevance to both cancers and viral diseases and in modulating transplant rejection and autoimmune diseases.

**Strategic Relationships**

**The University of British Columbia**

*Collaborative Research Agreement*

In September of 2000, GeneMax, through its wholly owned subsidiaries, GeneMax Pharmaceuticals and GeneMax Canada, entered into the Collaborative Research Agreement with the University of British Colombia to carry out further development of the TAP technologies as a cancer vaccine and other commercial products, and to provide GeneMax Pharmaceuticals with the option to acquire the rights to commercialize any additional technologies developed under the agreement. The University of British Columbia will retain all rights and title to all inventions, improvements and discoveries that are conceived by employees of the university, during the term of the Collaborative Research Agreement; however the University has granted GeneMax an option to obtain a royalty-bearing license to use such inventions, improvements and discoveries that are not covered under the existing license agreement and include improvements and enhancements of the licensed technologies.

The Collaborative Research Agreement, as amended, provides for payments to University of British Columbia in the aggregate of $2,973,049 (CDN), of which $991,515 was to be paid during the fiscal year ended December 31, 2002, $1,135,801 was to be paid during the fiscal year ended December 31, 2003, and $471,518 was to be paid during the fiscal year ended December 31, 2004. As of fiscal year ended December 31, 2004, an aggregate of $803,953 (CDN) was payable by GeneMax Pharmaceuticals to the University of British Columbia in connection with the Collaborative Research Agreement and GeneMax had purchased certain laboratory equipment in connection with the ongoing research. In addition, the company reimbursed University of British Columbia a total of $55,812 of patent expenditures in connection with technologies licensed to the company.

The parties to the Collaborative Research Agreement have agreed to the principal terms of a renegotiated agreement which will provide for an estimated annual budget of $295,000 (in quarterly installments of $73,750) to allow for funding for one Ph.D. scientist and two support technicians. In addition, the University will continue to provide GeneMax with access to university laboratories and equipment at the University.

*License Agreement*

In March 2000, GeneMax, the University of British Columbia, and Dr. Wilfred A. Jefferies entered into a license agreement, which is referred to in this Form 10-KSB as the License Agreement, providing the company with an exclusive world-wide license to use certain technology developed by University of British Columbia and Dr. Jefferies. The License Agreement allows GeneMax to use the technology associated with the patents entitled “Method for Enhancing Expression of MHC-Class 1 Molecules Bearing Endogenous Peptides” and “Method of Identifying MHC-Class 1 restricted Antigens Endogenously Processed by a Cellular Secretory Pathway” and to manufacture, distribute, market, sell, lease and license or sub-license products derived or developed from the above licensed technologies until the later of March 6, 2015 or the expiration of the last patent obtained under the License Agreement, including the expiration of patents obtained from modifications to existing patents. As consideration for entering into the License Agreement, GeneMax paid an initial license fee of $113,627.32 (CDN) and issued 500,000

GeneMax Pharmaceutical shares to the University of British Columbia, which were subsequently exchanged for 500,000 restricted shares of GeneMax common stock.

On February 16, 2004, the University of British Columbia granted GeneMax an exclusive, worldwide license to use a novel assay technology to screen and select new drugs that regulate immune. As consideration for entering into this license, which we refer to as the Immune Response License, GeneMax issued the University of British Columbia 10,000 shares of common stock and is required to pay the university an annual maintenance fee of $500 (CDN). The term for the Immune Response License is the longer of either twenty years or the expiration of the last patent licensed under the Immune Response License, including the expiration of patents obtained from modifications to existing patents.

**Crucell Holland B.V.**

On August 7, 2003, GeneMax and Crucell Holland B.V., or Crucell, entered into an agreement, which we refer to as the Research License and Option Agreement. Pursuant to that agreement, Crucell granted GeneMax a non-exclusive, worldwide license for Crucell's adenovirus technology and an option for a non-exclusive, worldwide commercial license to manufacture, use, offer for sale, sell and import products using the licensed technology in the therapy of human subjects by administering a modified and proprietary adeno virus vector (used to package GeneMax's TAP gene technology and deliver it to the target cancer cell in the patient) including, but not limited to, therapeutic gene sequence(s).

The Research License and Option Agreement provides for bi-annual license maintenance fees of Euros 50,000, exclusive of applicable taxes, during the first two years of the agreement, and an annual license maintenance fees of Euros 75,000, exclusive of applicable taxes, starting on the third anniversary until the expiration of the agreement on August 7, 2008. Total obligations under this agreement are Euros 450,000.

To December 31, 2003, the company had made payments required totalling $115,490 (€100,000) to Crucell pursuant to the terms of the Research License and Option Agreement. Pursuant to the terms of the Research License and Option Agreement, a further $60,864 (€ 50,000) was due and payable on February 7, 2004 and a further $60,103 (€ 50,000) was due and payable on August 7, 2004 leaving $120,967 owing as of December 31, 2004 under the terms of the agreement. As of the date of this Annual Report, the company had not paid this amount. Pursuant to the Research License and Option Agreement, if a party defaults in the performance of or fails to be in compliance with any material condition of this agreement, the Research License and Option Agreement may be terminated if the default or noncompliance is not remedied or steps initiated to remedy 3 months after receipt in writing to the defaulting party. As of the date of this Annual Report, neither party has given notice of default to the other.

**Molecular Medicine BioServices Inc.**

On March 18, 2003, GeneMax entered into a production service agreement, referred to in this Form 10-KSB as the PSA, with Molecular Medicine Bioservice, Inc. of the United States. The PSA provides for the performance of certain production services by Molecular Medicine relating to the adenoviral vector product containing GeneMax's TAP gene technology. The product is required to conduct pre-clinical toxicology studies and subsequent human clinical trials.

The company was in breach of its contractual obligations with Moleclar Medicine in respect of payments due for Phase I of the project. The parties have agreed that advance payments that had been made for subsequent phases could be allocated to the Phase I deficiency so that all payments that were due under the PSA have now been paid in full and we have a $78,000 surplus which can be applied towards subsequent phases of the project.

In August 2004, we ceased production of our clinical grade TAP adeno based vaccine for pre-clinical toxicology analysis with Molecular Medicine due to technical difficulties. Crucell is currently in the process of solving technical issues associated with production yields of the vaccine. The company has a credit of approximately USD$78,000 with Molecular Medicine towards future vaccine production. Despite the technical difficulties we anticipate production of a clinical grade TAP based vaccine to be produced utilizing the adeno vector

from Crucell or our in-house adeno virus vector to allow the company to meet its milestones for completing toxicology analysis by the end of 2005.

**National Institute of Allergy and Infectious Diseases**

On October 21, 2003, the company entered into an agreement, which we refer to as the Biological Materials Transfer Agreement, with the National Institute of Allergy and Infectious Diseases, or NIAID, a division of the Public Health Service or PHS. The Biological Materials Transfer Agreement provides for the license of NIAID's Modified Vaccinia Ankara virus for use in our research and product development. The licensed technology and virus material will be used with the goal of developing a vaccine platform capable of generating superior protective immune responses against smallpox. Pursuant to the Biological Materials Transfer Agreement, we pay a non-refundable annual royalty of $2,500 per year. The Biological Materials Transfer Agreement expires on November 5, 2008. PHS may terminate this agreement if the company is in default in the performance of any material obligation under this Agreement, and if the default has not been remedied within ninety days after the date of written notice by PHS of such default.

**Parc Place Investments AC**

On October 2, 2003, GeneMax and Parc Place Investments AC, or Parc Place, entered into a financial consulting services agreement. Pursuant to the terms of the agreement with Parc Place, Parc Place agreed to be engaged as a consultant to the company and to render advice, consultation, information and services regarding corporate finance and other financial service matters for a term of twelve months. The company agreed to issue finder's fees payable to Parc Place in the aggregate of twenty percent (20%) of private placement capital raised from European and non-U.S. sources due to the direct efforts of Parc Place. The finder's fee is to be paid in cash up to a maximum of ten percent (10%) of the capital raised and the balance of the finder's fee is to be paid in shares of the company's common stock issued at a price of $0.001 per share. Effective December 31, 2003, the company accepted the resignation of Parc Place subject only to the closing of certain interim financing initiatives which completed in February 2004. At that time, the company paid Parc Place $50,000 and issued 71,428 shares of common stock.

**Recent Developments**

On February 16, 2004, GeneMax added to its technology portfolio by expanding the License Agreement with the University of British Columbia to include a technological method that identifies agonists or antagonists antigen presentation to the immune system by normal and cancerous cells. Management believes that this technology can be used to screen and select new drugs that regulate immune responses.

**Intellectual Property, Patents and Trademarks**

Patents and other proprietary rights are vital to the business operations of GeneMax. GeneMax protects its technology through various United States and foreign patent filings, and maintains trade secrets that the company owns. Our policy is to seek appropriate patent protection both in the United States and abroad for its proprietary technologies and products. We require each of our employees, consultants and advisors to execute a confidentiality agreement upon the commencement of any employment, consulting or advisory relationship with us. Each agreement provides that all confidential information developed or made known to the individual during the course of the relationship will be kept confidential and not be disclosed to third parties except in specified circumstances. In the case of employees, the agreements provide that all inventions conceived of by an employee shall be the exclusive property of the company.

Patent applications in the United States are maintained in secrecy until patents are issued. There can be no assurance that our patents, and any patents that may be issued to us in the future, will afford protection against competitors with similar technology. In addition, no assurances can be given that the patents issued to us will not be infringed upon or designed around by others or that others will not obtain patents that we would need to license or design around. If the courts uphold existing or future patents containing broad claims over technology used by us,

the holders of such patents could require us to obtain licenses to use such technology. In fiscal 2004 the company did not incur any costs to defend our patents.

Pursuant to the License Agreement with the University of British Columbia, we acquired the exclusive worldwide license to a portfolio of intellectual property as follows:

**Method of Enhancing Expression of MHC Class I Molecules Bearing Endogenous Peptides**

On March 26, 2002, the United States Patent and Trademark Office issued US Patent No. 6,361,770 to the University of British Columbia for the use of TAP-1 as an immunotherapy against all cancers. The patent is titled “Method of Enhancing Expression of MHC Class I Molecules Bearing Endogenous Peptides” and provides comprehensive protection and coverage to both in vivo and ex vivo applications of TAP-1 as a therapeutic against all cancers with a variety of delivery mechanisms. The inventors were Dr. Jefferies, Dr. Reinhard Gabathuler, Dr. Gerassinmoes Kolaitis and Dr. Gregor S.D. Reid, who collectively assigned the patent to University of British Columbia under an assignment agreement. The patent expires March 23, 2014. We have pending applications for patent protection for this patent in Europe and in Japan.

**Method of Identifying MHC Class I Restricted Antigens Endogenously Processed by a Secretory Pathway**

On August 11, 1998, the U.S. Patent and Trademark Office issued US Patent No. 5,792,604 to the University of British Columbia, being a patent for the use of bioengineered cell lines to measure the output of the MHC Class I restricted antigen presentation pathway as a way to screen for immunomodulating drugs. The patent is titled “Method of Identifying MHC Class I Restricted Antigens Endogenously Processed by a Secretory Pathway.” This patent covers the assay which can identify compounds capable of modulating the immune system. The inventors were Dr. Jefferies, Dr. Gabathuler, Dr. Kolaitis and Dr. Reid, who collectively assigned the patent to University of British Columbia under an assignment agreement. The patent expires on March 12, 2016. We have been granted patent protection for this patent in Finland, France, Germany, Italy, Sweden Switzerland and the United Kingdom, and have applied for patent protection in Canada and Japan.

**TAP Vaccines and other filings**

On July 9, 2004 the University of British Columbia filed a patent application with the U.S. Patent and Trademark Office for patent protection for TAP vaccines as a method for increasing immune responses. As of the date of this annual report, the University of British Columbia has not received an order granting a patent. Other patent applications have been filed by the University of British Columbia in respect of the company’s licensed technologies. We intend to continue to work with the University of British Columbia to file additional patent applications with respect to any novel aspects of its technology to protect its intellectual property.

**Competition**

The oncology industry is characterized by rapidly evolving technology and intense competition. Many companies of all sizes, including a number of large pharmaceutical companies as well as several specialized biotechnology companies, are developing various immunotherapies and drugs to treat cancer. There may be products on the market that will compete directly with the products that GeneMax is seeking to develop. In addition, colleges, universities, governmental agencies and other public and private research institutions will continue to conduct research and are becoming more active in seeking patent protection and licensing arrangements to collect license fees and royalties in exchange for license rights to technologies that they have developed, some of which may directly compete with our technologies and products. These companies and institutions may also compete with GeneMax in recruiting qualified scientific personnel. Many of our potential competitors have substantially greater financial, research and development, human and other resources than GeneMax. Furthermore, large pharmaceutical companies may have significantly more experience than GeneMax does in pre-clinical testing, human clinical trials and regulatory approval procedures. Such competitors may develop safer and more effective products, obtain patent protection or intellectual property rights that limit our ability to commercialize products, or commercialize products earlier than we do.

Management expects technology developments in the oncology industry to continue to occur at a rapid pace. Commercial developments by any competitors may render some or all of our potential products obsolete or non-competitive, which could materially harm the company's business and financial condition.

Management believes that the following companies, which are developing various types of similar immunotherapies and therapeutic cancer vaccines to treat cancer, could be major competitors of the company: CellGenSys Inc., Corixa Corp., Dendreon Corp., Genzyme Molecular Oncology, Therion Biologics Corp. and Transgene S.A.

**Government Regulation**

**United States**

The design, research, development, testing, manufacturing, labeling, promotion, marketing, advertising and distribution of drug products are extensively regulated by the FDA in the United States and similar regulatory bodies in other countries. The regulatory process is similar for a new drug application, or NDA. The steps ordinarily required before a new drug may be marketed in the United States, which are similar to steps required in most other countries, include: (i) pre-clinical laboratory tests, pre-clinical studies in animals, formulation studies and the submission to the FDA of an initial NDA; (ii) adequate and well-controlled clinical trials to establish the safety and effectiveness of the drug for each indication; (iii) the submission of the NDA to the FDA; and (iv) review by an FDA advisory committee and approval by the FDA.

Pre-clinical tests include laboratory evaluation of product chemistry, preparation of consistent test batches of product to what is known as Good Laboratory Practice, toxicology studies, animal pre-clinical efficacy studies and manufacturing pursuant to what is known as Good Manufacturing Practice. The results of pre-clinical testing are submitted to the FDA as part of an initial NDA. After the filing of each initial NDA, and assuming all pre-clinical results have been approved, a thirty-day waiting period is required prior to the commencement of clinical testing in humans. At any time during this thirty-day period or at any time thereafter, the FDA may halt proposed or ongoing clinical trials until the FDA authorizes trials under specified terms. The initial NDA process may be extremely costly and substantially delay development of products. Moreover, positive results of pre-clinical tests will not necessarily indicate positive results in subsequent clinical trials.

After successful completion of the required clinical trials, a NDA is generally submitted. The NDA is usually reviewed by an outside committee consisting of physicians, scientists, and at least one consumer representative. The advisory committee reviews, evaluates and recommends whether the application should be approved, but the FDA is not bound by the recommendation of an advisory committee. The FDA may request additional information before accepting a NDA for filing, in which case the application must be resubmitted with the additional information. Once the submission has been accepted for filing, the FDA or the advisory committee reviews the application and responds to the applicant. The review process is often extended by FDA requests for additional information or clarification. The FDA cites 24 months as the median time for NDA review.

If the FDA evaluations of the NDA and the manufacturing facilities are favorable, the FDA may issue an approval letter. An approval letter will usually contain a number of conditions that must be met in order to secure final approval of the NDA and authorization of commercial marketing of the drug for certain indications. The FDA may also refuse to approve the NDA or issue a not approval letter, outlining the deficiencies in the submission and often requiring either additional testing or information or withdrawal of the submission.

The manufacturers of approved products and their manufacturing facilities are subject to continual review and periodic inspections. GeneMax has entered into a contract with Molecular Medicine for commercial scale manufacturing of the TAP Cancer Vaccine, therefore our ability to control compliance with FDA manufacturing requirements will be limited.

Approved drugs are subject to ongoing compliance requirements and identification of certain side effects after any of the drug products are on the market. This could result in issuance of warning letters, subsequent withdrawal of approval, reformulation of the drug product, and additional pre-clinical studies or clinical trials.

**Canada**

In Canada, the Therapeutic Products Directorate and the Biologics and Genetic Therapies Directorate of Health Canada ensure that clinical trials are properly designed and undertaken and that subjects are not exposed to undue risk. Regulations define specific Investigational New Drug Submission, or IND, application requirements, which must be complied with before a new drug can be distributed for trial purposes. The Directorates currently review the safety, efficacy and quality data submitted by the sponsor and approve the distribution of the drug to the investigator. The sponsor of the trial is required to maintain accurate records, report adverse drug reactions, and ensure that the investigator adheres to the approved protocol. Trials in humans should be conducted according to generally accepted principles of good clinical practice. Management believes that these standards provide assurance that the data and reported results are credible and accurate, and that the rights, integrity, and privacy of clinical trial subjects are protected.

Sponsors wishing to conduct clinical trials in Phases I to III of development must apply under a 30-day default system. Applications must contain the information described in the regulations, including: a clinical trial attestation; a protocol; statements to be contained in each informed consent form, that set out the risks posed to the health of clinical trial subjects as a result of their participation in the clinical trial; an investigator's brochure; applicable information on excipients (delivery vehicles); and chemistry and manufacturing information.

The sponsor can proceed with the clinical trial if the Directorates have not objected to the sale or importation of the drug within 30 days after the date of receipt of the clinical trial application and Research Ethics Board approval for the conduct of the trial at the site has been obtained. Additional information is available on Health Canada's website - www.hc-sc.gc.ca.

**Other Jurisdictions**

Outside the United States and Canada, the company's ability to market drug products is contingent upon receiving marketing authorization from the appropriate regulatory authorities. Management believes that the foreign regulatory approval process includes all of the complexities associated with FDA approval described above. The requirements governing the conduct of clinical trials and marketing authorization vary widely from country to country. At present, foreign marketing authorizations are applied for at a national level, although within the European Union procedures are available to companies wishing to market a product in more than one member country.

**Product Liability and Insurance**

Once the company commences the sale of its products into the market, it will face the risk of product liability claims. Because GeneMax it not yet selling its product, it has not experienced any product liability claims to date and the company does not yet maintain product liability insurance. Management intends to maintain product liability insurance consistent with industry standards upon commencement of the marketing and distribution of the TAP Cancer Vaccine. There can be no assurance that product liability claims will not exceed such insurance coverage limits, which could have a materially adverse effect on the company's business, financial condition or results of operations, or that such insurance will continue to be available on commercially reasonable terms, if at all.

**Employees and/or Consultants**

As of December 31, 2004 we did not have any employees. However, a number of persons provided consulting and management services to us pursuant to management and consulting services agreements. As of March 31, 2005, Konstantine Sarafis, the company's President and Chief Executive Officer, Wilf Jefferies, the company's Chief Scientific Officer, and Ed Farrauto, the company's Chief Financial Officer, had each entered into consulting or employment agreements, or had agreed to amend their existing consulting or employment agreements with the company. See "Item 10 – Management Consulting Agreements" below.

**ITEM 2 PROPERTIES**

GeneMax does not own any real estate or other properties. Our registered office is located at 1681 Chestnut Street, Suite 400, Vancouver, British Columbia Canada V6J 4M6. GeneMax entered into an office services arrangement pursuant to which the company receives office services and access to office and meeting spaces on a monthly basis at approximately $165.00 (CDN) per month base cost.

**ITEM 3 LEGAL PROCEEDINGS**

On September 8, 2004 the company filed suit in the District Court, City and County of Denver, Colorado, against X-Clearing Corporation, its transfer agent, referred to herein as X-Clearing. We alleged that X-Clearing was in breach of our October 2, 2001 transfer agent agreement (as amended September 21, 2004) with X-Clearing and asked for a declaratory judgment and to have certain records and documents returned to us so that we could pursue a transfer agency relationship with another transfer agent. Securing a new transfer agent is an important step in obtaining a listing of our shares on the TSX Venture Exchange.

At a hearing held on September 22, 2004 X-Clearing argued that the transfer agency agreement had not been properly terminated, and the court made a preliminary determination consistent with X-Clearing's position. Subsequent to the September 22, 2004 hearing the company actively sought a settlement with X-Clearing, however it was unable to do so.

In March 2005 both X-Clearing and the company filed additional court documentation in respect of the matter and a hearing was set for March 18, 2005. Immediately prior to the hearing a settlement was negotiated whereby the company agreed to pay $200,000 to X-Clearing in exchange for all of its corporate records. The parties also exchanged various indemnity agreements. As at the date of this filing, counsel for the parties were formalizing the terms of the settlement.

**ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**PART II**

**ITEM 5 MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES**

GeneMax common stock is traded on the Over The Counter Bulletin Board under the symbol "GMXX.OB" and on the Frankfurt and Berlin Stock Exchanges under the symbol "GX1." The listing on the Berlin Stock Exchange was done without the company's knowledge and consent and is largely used to facilitate naked short selling in the company's common stock. The company has attempted to have the Berlin Stock Exchange listing terminated, however, it has not been able to do so.

The market for our common stock is limited, volatile and sporadic. The following table sets forth, for the periods indicated, the high and low bid prices of our common stock as reported on the OTC Bulletin Board. The following quotations reflect inter-dealer prices, without retail mark-up, markdown, or commissions, and may not reflect actual transactions.

| | HIGH BID | LOW BID |
|---|---|---|
| **Fiscal Year 2004** | | |
| Dec. 31, 2004 | $ 0.51 | $ 0.22 |
| Sept. 30, 2004 | $ 1.13 | $ 0.32 |
| June 30, 2004 | $ 1.23 | $ 0.50 |
| March 31, 2004 | $ 1.48 | $ 0.75 |

| | HIGH BID | LOW BID |
|---|---|---|
| **Fiscal Year 2003** | | |
| Dec. 31, 2003 | $ 1.50 | $ 0.83 |
| Sept. 30, 2003 | $ 2.04 | $ 1.31 |
| June 30, 2003 | $ 5.74 | $ 1.61 |
| March 31, 2003 | $ 10.25 | $ 5.20 |

As at September 30, 2004, the date of the most current list of shareholders provided to the company by its transfer agent, the company had 361 shareholders of record of its common stock. Due to the ongoing dispute with our transfer agent, we have not been able to obtain more current data.

To date, we have not paid any dividends on our common stock, and the board of directors of the company does not currently intend to declare cash dividends on our common stock. We instead intend to retain earnings, if any, to support the growth of the company's business. Any future cash dividends would depend on future earnings, capital requirements and the company's financial condition and other factors deemed relevant by the board of directors.

**Stock and Security Issuances**

On June 2, 2004 and June 24, 2004, the company issued unsecured convertible promissory notes in the principal amount of $300,000 and $200,000 respectively. The notes provided for an interest rate of 8% per annum and were due twelve months from the date of issue. The unpaid amount of principal and interest was convertible at any time, at the holder's option, into shares of the company's common stock at a price of $0.60 per share. In addition, the holders of the notes were granted common stock purchase warrants entitling the holder to purchase an additional 250,000 shares (in respect of the $300,000 note) and 166,667 shares (in respect of the $200,000 note). The warrants were exercisable at a price of $0.66 per share for a period of 2 years. The company also granted to Duncan Capital, which entity arranged for the financing, a further 125,000 common stock purchase warrants with an estimated fair value of $15,000 as a finder's fee entitling the holder to purchase an additional 83,333 shares of the company's common stock at a price of $0.60 per share for a period of 2 years and 41,667 shares of the company's common stock at a price of $0.66 per share for a period of 2 years. As at December 31, 2004 $21,667 of accrued and unpaid interest is included in accounts payable. This offering was sold pursuant to section 4(2) of the US Securities Act of 1933, as amended, to a limited number of investors.

In February 2005, the company renegotiated the terms of the promissory notes and warrants issued in June 2004 by extending the maturity date of the notes to April 28, 2006, reducing the conversion price of the notes to $0.30 per share and reducing the exercise price of the warrants to $0.30 per share until December 31, 2005 and thereafter, $0.50 per share.

In February 2004, the company closed a private placement offering of 857,143 units, at a subscription price of $0.70 per unit, with each unit comprised of one share of common stock and one warrant. The offering was conducted outside of the United States to non-U.S. Persons, in accordance with the registration exemption provided by Regulation S promulgated under the US Securities Act of 1933, as amended.

Each warrant entitles the holder to purchase one share of common stock at an exercise price of $0.70 within two years of the date of issuance. Gross proceeds of the offering were $600,000. The offering provides the investors with piggy-back registration rights relating to any follow on financing conducted that requires registration of the subject financing shares. The Offering was exempt from registration pursuant to Regulation S promulgated under the Securities Act of 1933, as amended. The company issued 71,428 shares of common stock as a placement fee and paid a further $50,000 in connection with this financing.

Also in February 2004, the company issued an aggregate of 357,270 shares of common stock on the exercise of stock options at $0.50 per share (in respect of 304,370 options) and $1.00 per share (in respect of 52,900 options) and issued 10,000 shares of common stock at $1.00 per share.

## ITEM 6 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### Overview

We are focused on developing innovative therapeutics to treat serious disorders, primarily for cancer and infectious diseases. Since our inception, we have devoted substantially all of our resources to research and development activities, primarily with early stage research in the field of gene therapy. We are currently conducting preclinical studies using our TAP gene technology in combination with an in-licensed adeno virus, with the aim of completing our preclinical trials and filing an Investigational Drug Application for cancer in 12 months. We are also pursuing vaccine developments for infectious diseases using our TAP gene technology and an in-licensed Modified Vaccinia Ankora virus with the aim of establishing licensing and partnering relationships to generate revenue and advance our in- house projects closer to commercial products.

We are a development stage company and have primarily supported the financial needs of our research and development activities since our inception through public offerings and private placements of our equity securities. We have not received any revenue from the sale of our products in development, and we do not anticipate generating revenue from the sale of products in the foreseeable future. In order to carry out our corporate operational plan and to support the anticipated future needs of our research and development activities, we expect that we will have cash requirements of approximately USD$5,000,000 over the next twenty-four months, which we expect to obtain through additional equity financings. The funding that we need would, if obtained, be used to support our activities pursuant to the Collaborative Research Agreement with the University of British Columbia, clinical grade production of our lead TAP vaccine product, commencement of human clinical studies, advance the development of our prophylactic vaccine campaign and proceed with potential acquisitions or in-licensing of new technologies or products. In the event that we are able to secure funding through the sale of the company's securities, it is expected that we will expand the company's management team to include a Director of Corporate Development, a Director of Regulatory Affairs, a Director of Research and a Controller. It is also anticipated that as we advance our product development in oncology and prophylactic vaccines, we will incrementally increase the number of scientists employed under the Collaborative Research Agreement to approximately six.

If we are able to generate revenues in the next few years, we expect the source of such revenue to consist of payments under collaborative arrangements with third parties, government grants, and license fees. We have incurred losses since our inception and expect to incur losses over the next several years due to our lack of any substantial source of revenue and the continuation of our ongoing and planned research and development efforts, including preclinical studies and clinical trials. There can be no assurance that we will successfully acquire, develop, commercialize, manufacture, or market our product candidates or ever achieve or sustain product revenues or profitability.

We conduct our research and development at the University of British Columbia under the Collaborative Research Agreement, and contract out clinical grade production of our TAP based vaccines. In addition, we in-license our adeno and MVA vectors, and receive technical assistance from our licensing partners.

In August 2004, the Collaborative Research Agreement expired and could not be continued because the company lacked the financial resources. However, the University did not terminate the research activities and research and development continued at the University of British Columbia through December 2004 on the understanding that the expenses incurred would be paid once the company received further financing or would be incorporated into the terms of a new agreement. As of December 31, 2004, outstanding debt of GeneMax to the University incurred pursuant to this arrangement was approximately $803,953.

The parties to the Collaborative Research Agreement have agreed to the principal terms of a renegotiated agreement which will provide for an estimated annual budget of $295,000 (in quarterly installments of $73,750) to allow for funding for one Ph.D. scientist and two support technicians. In addition, the University will continue to provide GeneMax with access to university laboratories and equipment at the University.

We have a Production Services Agreement with Molecular Medicine for the production of a chemical grade of our TAP adeno based vaccine for pre-clinical toxicology analysis. However, in August 2004, we ceased production of our clinical grade vaccine due to technical difficulties. Crucell is currently in the process of solving

technical issues associated with production yields of the vaccine. Despite the technical difficulties we anticipate a clinical grade TAP based vaccine to be produced utilizing the adeno vector from Crucell or our in-house adeno virus vector to allow the company to meet its milestones for completing toxicology analysis by the end of 2005. We anticipate commencing chemical grade production of our oncology vaccine in April 2005.

The company was in breach of its contractual obligations with Moleclar Medicine in respect of payments due for Phase I of the project. The parties have agreed that advance payments that had been made for subsequent phases could be allocated to the Phase I deficiency so that all payments that were due under the PSA have now been paid in full and the company has a credit of approximately USD$78,000 with Molecular Medicine to be applied towards future vaccine production.

We have a License Agreement with Crucell (Netherlands) for the use of the adeno virus and PER C6 cell line for the packaging of the TAP gene technology, propagation of the virus, to amplify the number of virus particles with the gene and to conduct studies in animals and clinical trials in humans. We will continue to license the adeno virus PER C6 technology from Crucell for the production of our oncology vaccine.

As of the date of this Annual Report, $120,967 was owing to Crucell. Pursuant to the Research License and Option Agreement, if a party defaults in the performance of or fails to be in compliance with any material condition of this agreement, the Research License and Option Agreement may be terminated if the default or noncompliance is not remedied or steps initiated to remedy 3 months after receipt in writing to the defaulting party. As of the date of this Annual Report, neither party has given notice of default to the other.

We also have a License Agreement with the National Institute of Health (USA) for the use of the Modified Vaccinia Ankora (MVA) virus for the development of vaccines. We will continue to license this technology for the development of prophylactic vaccines against infectious diseases.

**Plan of Operation and Funding**

Management believes that an estimated $5,000,000 is required over the next two years for expenses associated with the balance of pre-clinical development and completion of Phase I clinical trials for the TAP Cancer Vaccine and for various operating expenses.

The company has not generated any cash flow to fund its operations and activities due primarily to the nature of lengthy product development cycles that are normal to the biotech industry. Therefore, the company must raise additional funds in the future to continue operations. The company intends to finance its operating expenses with further issuances of common stock. The company believes that anticipated future private placements of equity capital and debt financing, if successful, may be adequate to fund the company’s operations over the next twenty –four months. Thereafter, the company expects it will need to raise additional capital to meet long-term operating requirements. The company’s future success and viability are dependent on the company’s ability to raise additional capital through further private offerings of its stock or loans from private investors. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to conduct our proposed business operations successfully, which could significantly and materially restrict or delay the company’s overall business operations.

**Application of Critical Accounting Policies**

The company utilizes the granting of stock options as a means to compensate certain employees, officers, directors, and consultants of the company. As the company is currently in the development stage, these stock options form a significant portion of the overall compensation provided by the company. As a result, the company’s accounting policy with respect to these grants of stock options is critical to the company’s overall financial statement presentation, financial position, and results of operations.

The company accounts for stock based compensation in connection with these stock option grants in accordance with Financial Accounting Standards No. 123 and 148, Accounting Principles Board Opinion No. 25,

and Financial Accounting Standards Board Interpretation No. 44. For further details, refer to the Summary of Significant Accounting Policies in the notes to the company's consolidated financial statements contained herein.

**For Fiscal Year Ended December 31, 2004 Compared with Fiscal Year Ended December 31, 2003**

Net revenues during the fiscal years ended December 31, 2004 and 2003 were $0. The lack of revenues during the fiscal years ended December 31, 2004 and 2003 resulted from the emphasis on the research and development of the TAP technologies. Interest income of $0 was recorded for fiscal years ended December 31, 2004 and 2003, respectively.

Consulting fees were $1,440 during the fiscal year ended December 31, 2004 compared to $266,587 during the fiscal year ended December 31, 2003, a decrease of $265,147 or 99.46%. The decrease was due to less reliance on outside consultants.

Consulting fees paid for by the granting of stock options were $73,500 during the fiscal year ended December 31, 2004 as compared to $2,121,000 during the fiscal year ended December 31, 2003, a decrease of $2,047,500 or 96.53%. The decrease was due to granting of fewer options to consultants.

Depreciation expenses during the fiscal year ended December 31, 2004 was $37,449 compared to $42,368 incurred during the fiscal year ended December 31, 2003.

License fees were $121,557 during the fiscal year ended December 31, 2004 compared to $128,000 during the fiscal year ended December 31, 2003.

Management fees were $262,506 during the fiscal year ended December 31, 2004 compared to $227,366 during the fiscal year ended December 31, 2003, an increase of $35,140 or 15.45%.

The office and general expenses incurred during the fiscal year ended December 31, 2004 were $351,875 compared to $918,978 during the fiscal year ended December 31, 2003, a decrease of $567,103 or 61.71%. The decrease was primarily due to the company no longer using the services of Investor Communications International.

Professional fees primarily for legal work were $520,734 during the fiscal year ended December 31, 2004 compared to $277,405 during the fiscal year ended December 31, 2003, an increase of $243,329 or 87.72%. The increase was primarily due to higher legal fees.

Research and development during the fiscal year ended December 31, 2004 were $1,039,052 compared to $1,114,644 during the fiscal year ended December 31, 2003.

Research and development expenses paid for by the granting of stock options were $Nil during the fiscal year ended December 31, 2004 as compared to $612,000 during the fiscal year ended December 31, 2003. The decrease was due to no granting of options to consultants or employees engaged in research and development activities.

Transfer agent fees during the fiscal year ended December 31, 2004 were $219,488, compared to $6,223 during the fiscal year ended December 31, 2003. The increase includes an accrual of $200,000 payable to X-Clearing as settlement of the company's lawsuit against X-Clearing.

Travel expenses during the fiscal year ended December 31, 2004 were $55,504 compared to $64,338 during the fiscal year ended December 31, 2003, an decrease of $8,834 or 13.73%. The decrease was due to less travel by management.

As a result of the above, during the fiscal year ended December 31, 2004, the company recorded operating expenses of $2,683,105 compared to $5,778,905, a decrease of $3,095,800 or 53.57% during the fiscal year ended December 31, 2003.

Of the $2,683,105 incurred as operating expenses, the company incurred an aggregate of $392,528 in fees payable to certain directors and/or private companies controlled by those directors of the company and other related parties pursuant to consulting, management and research and development agreements.

As a result of the above, the company's net losses during the fiscal year ended December 31, 2004 were $2,683,105 or $0.13 per share as compared to a net loss of $5,778,905 or $0.34 per share during the fiscal year ended December 31, 2003, a decrease of $3,095,800 or 53.57%. The decrease in net loss is attributable primarily to the reduction in stock based compensation expenses for consulting fees and research and development of $2,047,500 and $612,000 respectively. In addition, office and general expenses decreased $567,103.

The company incurred $74,100 of costs in connection with the financing of convertible notes resulting in a total of $89,100 being recorded as deferred finance fees. These costs will be expensed over the term of the convertible promissory notes or the remaining unamortized amount will be charged to stockholders' equity if the notes are converted. As of December 31, 2004, $48,300 of the deferred finance fees have been expensed. As at December 31, 2004 $21,667 of accrued and unpaid interest is include in accounts payable.

The fair value of the convertible promissory notes at issuance was estimated to be $450,000 based on an estimated fair value interest rate on debt with comparable risk profiles of 20%. As a result, the fair value of the equity component of this instrument (comprised of the common stock purchase warrants and the debt conversion feature) was estimated to be the remaining $50,000. The equity component was attributed entirely to the common stock purchase warrants and recorded as a separate component of stockholders' equity as the conversion feature did not have a beneficial intrinsic value and its fair value was otherwise determined not to be material. The company will record a further interest expense over the term of the notes of $50,000 resulting from the difference between the stated and fair value interest rates such that the carrying value of the notes will be increased to the face value of $500,000 at maturity. To December 31, 2004 a further interest expense of $27,100 has been accrued resulting in a carrying value of the notes of $477,100.

**For Fiscal Year Ended December 31, 2003 Compared with Fiscal Year Ended December 31, 2002**

Net revenues during the fiscal years ended December 31, 2003 and 2002 were $0. The lack of revenues during the fiscal years ended December 31, 2003 and 2002 resulted from the consummation of the acquisition of GeneMax Pharmaceuticals and the resulting emphasis on the research and development of the TAP technologies. Interest income of $0 and $125 was recorded for fiscal years ended December 31, 2003 and 2002, respectively.

Consulting fees were $266,587 during the fiscal year ended December 31, 2003 compared to $149,036 during the fiscal year ended December 31, 2002, an increase of $117,551 or 78.87%. The increase was primarily due to a full year of activity by some consultants in 2003 compared to a partial year in 2002.

Consulting fees paid by the granting of stock options were $2,121,000 during the fiscal year ended December 31, 2003 as compared to $630,275 during the fiscal year ended December 31, 2002, an increase of $1,490,725 or 236.52%. The increase was primarily due to a significant increase in grants to consultants.

Depreciation expenses during the fiscal year ended December 31, 2003 was $42,368 compared to $40,890 incurred during the fiscal year ended December 31, 2002.

License fees were $128,000 during the fiscal year ended December 31, 2003 compared to $0 during the fiscal year ended December 31, 2002. The increase was primarily due to the Crucell contract signed in 2003, plus smaller amounts to University of British Columbia and NIH.

Management fees were $227,366 during the fiscal year ended December 31, 2003 compared to $168,206 during the fiscal year ended December 31, 2002, an increase of $59,160 or 35.17%. The increase was primarily due to a full year of fees associated with ICI pursuant to a consulting services agreement in 2003 compared to a partial year of fees in 2002.

The office and general expenses incurred during the fiscal year ended December 31, 2003 were $918,978 compared to $96,830 during the fiscal year ended December 31, 2002, an increase of $822,148 or 849.06%. The increase was primarily due to mailing, printing and other investor relations and media production expenditures.

Professional fees primarily for legal work were $277,405 during the fiscal year ended December 31, 2003 compared to $350,782 during the fiscal year ended December 31, 2002, a decrease of $73,377 or 20.92%. The decrease was primarily due to higher legal fees in 2002 associated with the reverse merger.

Research and development during the fiscal year ended December 31, 2003 were $1,114,644 compared to $833,589 during the fiscal year ended December 31, 2002, an increase of $281,055 or 33.72%. The increase was primarily due to an increased scope of the Collaborative Research Agreement and a $50,000 (CDN) year-end bonus to Dr. Jefferies.

Research and development expenses paid for by the granting of stock options were $612,000 during the fiscal year ended December 31, 2003 as compared to $0 during the fiscal year ended December 31, 2002. The research and development expenses relating to the grant of stock options was used for increased option packages for the key research and development staff.

Travel expenses during the fiscal year ended December 31, 2003 were $64,338 compared to $15,226 during the fiscal year ended December 31, 2002, an increase of $49,112 or 322.55%. The increase was primarily due to increased travel associated with corporate development activities, prospective finance meetings, media and investor relations activities.

As a result of the above, during the fiscal year ended December 31, 2003, the company recorded operating expenses of $5,778,905 compared to $2,284,834, an increase of $3,494,071 or 152.92% during the fiscal year ended December 31, 2002.

Of the $5,778,905 incurred as operating expenses, the company incurred an aggregate of $388,869 in fees and $649,738 in expense reimbursements, payable to certain directors and/or private companies controlled by those directors of the company and other related parties pursuant to consulting, management and research and development agreements, and made net repayments of $650,623.

As a result of the above, the company’s net losses during the fiscal year ended December 31, 2003 was $5,778,905 or $0.34 per share as compared to a net loss of $2,284,709 or $0.17 per share during the fiscal year ended December 31, 2002, an increase of $3,494,196 or 152.94%. As discussed above, the increase in net loss is attributable primarily to the increased scale and scope of overall corporate activity pertaining to the ongoing research and development relating to the TAP technology and the TAP Cancer Vaccine.

**Liquidity and Capital Resources**

As December 31, 2004, the company had $11,646 in cash. Generally, the company has financed operations to date through the proceeds of the private placement of equity securities. The company received $1,224,041 during the fiscal year ended December 31, 2004 from financing activities.

During the quarter ended June 30, 2004 the company issued two unsecured convertible promissory notes in the principal amount of $500,000, that bear interest at 8% per annum and are due 12 months from the date of issue. The unpaid amount of principal and interest may be converted at any time at the holder’s option into shares of the company’s common stock at a price of $0.60 per share. In addition, the holders of the notes were granted common stock purchase warrants entitling the holder to purchase an additional 416,667 shares of the company’s common stock at a price of $0.66 per share for a period of two years and the company granted a further 125,000 common stock purchase warrants with an estimated fair value of $15,000 as a finder’s fee entitling the holder to purchase an additional 83,333 shares of the company’s common stock at a price of $0.60 per share for a period of two years and 41,667 shares of the company’s common stock at a price of $0.66 per share for a period of two years. The company also incurred $74,100 of costs in connection with this financing.

During 2004 the company commenced a private placement of units at $0.70 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share of the company at a price of $0.70 per share for a period of two years. The company issued 857,143 shares of common stock on the purchase of 857,143 units for total proceeds of $600,000. The company issued 71,428 shares of common stock as a placement fee and paid a further $50,000 in connection with this financing.

Net cash used in operating activities during the fiscal year ended December 31, 2004 was $1,214,981. The company had no revenues during the fiscal 2004. Expenditures were primarily the result of payments to consultants and our research and development activities.

At December 31, 2004, GeneMax had 4,777,100 stock options and 1,982,970 share purchase warrants outstanding. The outstanding stock options have a weighted average exercise price of $0.71 per share. The outstanding warrants have a weighted average exercise price of $1.16 per share. Accordingly, as at December 31, 2004, the outstanding options and warrants represented a total of 6,760,070 shares issuable for a maximum of approximately $5,691,986 if these options and warrants were exercised in full. The exercise of these options and warrants is completely at the discretion of the holders. There is no assurance that any of these options or warrants will be exercised.

As of December 31, 2004, we anticipate that we will need significant financing to enable us to meet our anticipated expenditures for the next 18 months, which is anticipated to be $5 million assuming a single Phase 1 clinical trial.

The company’s financial statements have been prepared assuming that it will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the company be unable to continue in operation. Our ability to continue as a going concern is dependent upon our ability to obtain the necessary financing to meet our obligations and pay our liabilities arising from our business operations when they come due. We will be unable to continue as a going concern if we are unable to obtain sufficient financing.

**Off-Balance Sheet Arrangements**

The company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the company’s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

**Recent Accounting Pronouncements**

In April 2003, the Financial Accounting Standards Board issued SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities”, which clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS 149 did not have a material effect on the company’s financial position or results of operations.

In May 2003, SFAS 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity”, was issued. This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Generally, a financial instrument, whether in the form of shares or otherwise, that is mandatorily redeemable, i.e. that embodies an unconditional obligation requiring the issuer to redeem it by transferring its shares or assets at a specified or determinable date (or dates) or upon an event that is certain to occur, must be classified as a liability (or asset in some circumstances). In some cases, a financial instrument that is conditionally redeemable may also be subject to the same treatment. This Statement does not

apply to features that are embedded in a financial instrument that is not a derivative (as defined) in its entirety. For public entities, this Statement is effective for financial instruments entered into or modified after May 31, 2003. The adoption of SFAS 150 did not affect the company's financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletins ("ARB") No. 51, Consolidated Financial Statements ("FIN 46"). FIN 46 applies immediately to variable interest entitles created after January 31, 2003, and in the first interim period beginning after June 15, 2003 for variable interest entities created prior to January 31, 2003. The interpretation explains how to identify variable interest entities and how an enterprise assesses its interest in a variable interest entity to decide whether to consolidate that entity. The interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. Variable interest entities that effectively disperse risks will not be consolidated unless a single party holds an interest or combination of interests that effectively recombines risks that were previously dispersed. The adoption of FIN 46 did not have a material effect on the company's financial position or results of operations. In December 2003, the FASB issued FASB Interpretations No. 46 (Revised December 2003) Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 ("FIN 46R"). FIN 46R is an update of FIN 46 and contains different implementation dates based on the types of entities subject to the standard and based on whether a company has adopted FIN 46. The adoption of FIN 46R did not have a material impact on the company's financial position or results of operations.

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123R, Share-Based Payment, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is the requirement of a public entity to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). This standard becomes effective for the company for its first annual or interim period ended on or after December 15, 2005. The company will adopt SFAS 123R no later than the beginning of the company's fourth quarter ending December 31, 2005. Management is currently evaluating the potential impact that the adoption of SFAS 123R will have on the company's financial position and results of operations.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions* ("SFAS 153") SFAS 153 requires that exchanges of non-monetary assets are to be measured based on fair value and eliminates the exception for exchanges of non-monetary, similar productive assets, and adds an exemption for non-monetary exchanges that do not have commercial substance. SFAS 153 will be effective for fiscal periods beginning after June 15, 2005. Management does not believe that the adoption of this standard will have a material impact on the company's financial position or results of operations.

**Risk Factors**

An investment in GeneMax entails certain risks that should be carefully considered. In addition, these risk factors could cause actual results to differ materially from those expected include the following:

**We have a history of operating losses.**

We continue to incur losses and are likely to require additional financing. We have incurred operating losses and negative cash flow from operations for most of our history. Losses incurred since our inception have aggregated $12,434,770 and there can be no assurance that we will be able to generate positive cash flows to fund our operations in the future or to pursue our strategic objectives. We believe that we will have sufficient cash to satisfy our needs for at least the next four to six months. If we are not able to operate profitably and generate positive cash flows, we will undoubtedly need to raise additional capital, most likely via the sale of equity securities, to fund our operations. If we do in fact need additional financing to meet our requirements, there can be no assurance that we will be able to obtain such financing on terms satisfactory to us, if at all. Alternatively, any additional equity financing may be dilutive to existing stockholders, and debt financing, if available, may include restrictive covenants. If adequate funds are not available, we might be required to limit our research and

development activities or our selling, marketing and administrative activities any of which could have a material adverse effect on the future of the business.

Further, we do not have any products that generate revenue and expect our operating losses to increase significantly as we commence clinical trials. We do not expect to earn significant revenue for several years, and may never do so. Continued operating losses and the failure to satisfy our financial obligations will have a material adverse effect upon the future of our business.

**The independent auditor's report accompanying our December 31, 2004 consolidated financial statements contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern.**

The consolidated financial statements have been prepared "assuming that the company will continue as a going concern," which contemplates that we will realize our assets and satisfy our liabilities and commitments in the ordinary course of business. Our ability to continue as a going concern is dependent on raising additional capital to fund ongoing research and development and ultimately on generating future profitable operations. There can be no assurance that we will be able to raise sufficient additional capital or eventually positive cash flow from operations to address all of our cash flow needs. If we were not able to find alternative sources of cash or generate positive cash flow from operations, our business and shareholders would be materially and adversely affected.

**We depend upon collaborative relationships and third parties for product development and commercialization, and are in breach of many of the agreements with these parties.**

We have historically entered into research and development agreements with collaborative partners. Pursuant to these agreements, our collaborative partners provide us with the intellectual property and options for the license of the intellectual property necessary to develop and commercialize our product candidates. We will continue to rely on future collaborative partners for the development of products and technologies. There can be no assurance that we will be able to negotiate such collaborative arrangements on acceptable terms, if at all, or that current or future collaborative arrangements will be successful. To the extent that we are not able to establish such arrangements, we could be forced to undertake such activities at our own expense. The amount and timing of resources that any of these partners devotes to these activities will generally be based on progress by us in our product development efforts. Some of our collaborative arrangements may be terminated by the partner upon prior notice without cause and there can be no assurance that any of these partners will perform its contractual obligations or that it will not terminate its agreement.

The Collaborative Research Agreement with the University of British Columbia expired on August 31, 2004. The parties to the Collaborative Research Agreement have agreed on the principle terms of a renegotiated agreement which will provide for an estimated annual budget of $295,000 (in quarterly installments of $73,750) to allow for funding for one Ph.D. scientist and two support technicians. In addition, the University will continue to provide GeneMax with access to university laboratories and equipment at the University. As at the date of this filing, approximately $803,953 (CDN) is due to University of British Columbia. To the date of this filing, the University has continued the research activities associated with the Collaborative Research Agreement, however, they are not obliged to continue to do so.

To December 31, 2004, we have had made payments total payment of $115,490 to Crucell Holland B.V. pursuant to the terms of the Research License and Option Agreement. However, a further $60,864 (€ 50,000) was due and payable on February 7, 2004 and a further $60,103 (€ 50,000) was due and payable on August 7, 2004, leaving $120,967 owing as of December 31, 2004 under the terms of the agreement. To date, the company had not these amounts. Pursuant to the Research License and Option Agreement, if a party defaults in the performance of or fails to be in compliance with any material condition of this agreement, the Research License and Option Agreement may be terminated if the default or noncompliance is not remedied or steps initiated to remedy within three months after receipt in writing to the defaulting party. GeneMax has not received notice of default from Crucell Holland.

The company was in breach of its contractual obligations with Moleclar Medicine in respect of payments due under the PSA for Phase I. The parties have agreed that advance payments that had been made for subsequent

phases could be allocated to the Phase I deficiency so that all payments that were due under the PSA have now been paid in full and we have a $78,000 surplus which can be applied towards subsequent phases of the project.

Pursuant to the Biological Materials Transfer Agreement with the National Institute of Allergy and Infectious Diseases, payments of $2,876 are now overdue, although the Public Health Service (PHS) has not issued a notice of default. PHS may terminate this Agreement if the company is in default in the performance of any material obligation under this Agreement, and if the default has not been remedied within ninety days after the date of written notice by PHS of such default.

**Preclinical testing and future clinical trials may take longer than anticipated, and we may be unable to complete them at all.**

While management believes that the Phase I human clinical trials of the TAP Cancer Vaccine in oncology will commence early in fiscal year 2006 there can be no assurances that they will occur on this time frame, if at all. We may not commence or complete the pivotal clinical trials of the TAP Cancer Vaccine or commence or complete clinical trials involving any other product candidates or may not conduct them successfully. Further, our development costs will increase if we experience any future delays in the preclinical trials or clinical trials for the TAP Cancer Vaccine or other potential products or if we are required to perform additional or larger clinical trials than currently planned. Any substantial delay of or the failure to complete the clinical trials would have a material adverse effect upon our business.

If testing of a particular product candidate does not yield successful results, then we will be unable to commercialize that product. We must demonstrate the safety and efficacy of the TAP Cancer Vaccine and its other potential products in humans through extensive preclinical and clinical testing. We may experience numerous unforeseen events during, or as a result of, the testing process that could delay or prevent commercialization of our product candidates. Further, clinical testing is very expensive, the process takes many years, and the outcome is uncertain. Unsuccessful results from preclinical and clinical testing will have a material adverse effect on our business.

**Our products and activities are subject to regulation by various governments and government agencies.**

The testing of our products is subject to regulation by numerous governmental authorities, principally the FDA and certain foreign regulatory agencies. Pursuant to the Federal Food, Drug, and Cosmetic Act, and the regulations promulgated there under, the FDA regulates the preclinical and clinical testing, development, and commercialization of our potential products. Noncompliance with applicable requirements can result in, among other consequences, fines, injunctions, civil penalties, recall or seizure of products, repair, replacement or refund of the cost of products, total or partial suspension of production, failure of the government to grant pre-market clearance or pre-market approval for devices, withdrawal of marketing clearances or approvals, and criminal prosecution.

Government regulation imposes significant costs and restrictions on the development and commercialization of our products and services. Our success will depend on our ability to satisfy regulatory requirements. We may not receive required regulatory approvals on a timely basis, if at all. Government agencies heavily regulate the production and sale of healthcare products and the provision of healthcare services. In particular, the FDA and comparable agencies in foreign countries must approve human therapeutic and diagnostic products before they are marketed, as well as the facilities in which they are made. This approval process can involve lengthy and detailed laboratory and clinical testing, sampling activities and other costly and time-consuming procedures. Our failure to comply with applicable regulatory approval requirements may lead regulatory authorities to take action against us, which may delay or cease the development and commercialization of our product candidates.

Therapies that have received regulatory approval for commercial sale may continue to face regulatory difficulties. The FDA and comparable foreign regulatory agencies, may require post-marketing clinical trials or patient outcome studies. In addition, regulatory agencies subject a marketed therapy, its manufacturer and the

manufacturer's facilities to continual review and periodic inspections. The discovery of previously unknown problems with a therapy, the therapy's manufacturer or the facility used to produce the therapy could prompt a regulatory authority to impose restrictions on the therapy, manufacturer or facility, including withdrawal of the therapy from the market.

**Competition in the human medical diagnostics industry is, and is expected to remain, significant, and we may never obtain market acceptance of our product candidates.**

Competition in the cancer therapeutics field is intense and is accentuated by the rapid pace of technological development. Our competitors range from development stage diagnostics companies to major domestic and international pharmaceutical companies. Many of these companies have financial, technical, marketing, sales, manufacturing, distribution and other resources significantly greater than ours. In addition, many of these companies have name recognition, established positions in the market and long standing relationships with customers and distributors. Moreover, the industry has recently experienced a period of consolidation, during which many of the large domestic and international pharmaceutical companies have been acquiring mid-sized diagnostics companies, further increasing the concentration of resources. Our future success will depend on our ability to effectively develop and market our product candidates against those of our competitors. If our product candidates receive marketing approval, but cannot compete effectively in the marketplace, our business and financial position would suffer greatly. There can be no assurance that technologies will not be introduced that could be directly competitive with or superior to our technologies.

Market acceptance of the TAP Cancer Vaccine and our other product candidates is uncertain. Even if the TAP Cancer Vaccine and other potential products are approved and sold, physicians may not ultimately use them or may use them only in applications more restricted than we expect. Physicians will only prescribe a product if they determine, based on experience, clinical data, side effect profiles and other factors, that it is beneficial and preferable to other products and treatments then in use. Many other factors influence the adoption of new products, including marketing and distribution restrictions, course of treatment, adverse publicity, product pricing, the views of thought leaders in the medical community, and reimbursement by third-party payers. Failure to obtain market acceptance of our product candidates will have a material adverse effect upon our business.

**We depend on key employees.**

Due to the specialized nature of our business, our success will be highly dependent upon our ability to attract and retain qualified scientific and executive personnel. Our success depends to a significant extent upon our key management, including Konstantine Sarafis, our President and Chief Executive Officer, and Dr. Wilfred Jefferies, our Chief Scientific Officer. There can be no assurance that we will be successful in attracting and retaining the personnel we require to develop and market our product candidates and to conduct our operations successfully. Failure to retain Mr. Sarafis or Dr. Jefferies would have a material adverse effect upon our business and our shareholders.

**Our success depends, in part, on our ability to obtain patents and license patent rights, to maintain trade secret protection and to operate without infringing on the proprietary rights of others.**

Our success depends in part on our ability to obtain and maintain patent protection for the technology underlying our product candidates, both in the United States and in other countries. We cannot assure you that any of our current or future patent applications will result in issued patents, or that any patents issued to us or licensed by us will not be challenged, invalidated or held unenforceable. Further, we cannot guarantee that any patents issued to us will provide us with a significant competitive advantage. If we fail to successfully enforce our proprietary technology or otherwise maintain the proprietary nature of our intellectual property with respect to our significant current and proposed products, it would have a material adverse effect upon our business. We could incur substantial costs in defending the company or our licensees in litigation brought by others who claim that we are infringing on their intellectual property rights. The potential for reduced sales and increased legal expenses would have a negative impact on our cash flow and thus our overall business could be adversely affected.

**The testing, manufacturing and marketing of therapeutic medical technology entails an inherent risk of product liability claims.**

To date, we have experienced no product liability claims, but any such claims arising in the future could have a material adverse effect on our business, financial condition and results of operations. Potential product liability claims may exceed the amount of our insurance coverage or may be excluded from coverage under the terms of our policy or limited by other claims under our umbrella insurance policy. Additionally, there can be no assurance that our existing insurance can be renewed by us at a cost and level of coverage comparable to that presently in effect, if at all. In the event that we are held liable for a claim against which we are not insured or for damages exceeding the limits of our insurance coverage, such claim could have a material adverse effect on our cash flow and thus potentially have a materially adverse effect on our business, financial condition and results of operations.

**We use hazardous materials in some of our research and development activities.**

Our research activities sometimes involve the controlled use of various hazardous materials. Although we believe that our safety procedures for handling and disposing of such materials comply with the standards prescribed by state and federal regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. We could be held liable for any damages that might result from any such accident involving such hazardous materials. Any such liability could have a material adverse effect on our business and financial condition.

**There has, to date, been no active public market for our common stock, and there can be no assurance that an active public market will develop or be sustained.**

Our common stock has been traded on the OTC Bulletin Board since prior to the acquisition of GeneMax Pharmaceuticals. Both before and since the acquisition, trading in our common stock has been sporadic with insignificant volume. Moreover, the over-the-counter markets for securities of very small companies historically have experienced extreme price and volume fluctuations. These broad market fluctuations and other factors, such as new product developments, trends in our industry, the investment markets, economic conditions generally, and quarterly variation in our results of operations, may adversely affect the market price of our common stock. In addition, our common stock is subject to rules adopted by the Securities and Exchange Commission regulating broker-dealer practices in connection with transactions in “penny stocks.” Such rules require the delivery prior to any penny stock transaction of a disclosure schedule explaining the penny stock market and all associated risks and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors, which are generally defined as institutions or an investor with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 together with the spouse. For these types of transactions the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transaction prior to sale. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in securities subject to the penny stock rules. We do not intend to pay any cash dividends on our common stock in the foreseeable future. Significant fluctuations in out stock price may have a material adverse effect upon our shareholders.

**We are controlled by management.**

As of March 31, 2005, our officers and directors owned of record approximately 2,770,465 or 9.50% of the outstanding shares of common stock. If they exercise all of the options that they currently hold, they will own 5,820,465, shares of our common stock or 18.06% of the then outstanding shares of common stock. Due to their stock ownership, the officers and directors may be in a position to elect the Board of Directors and to control our business and affairs, including certain significant corporate actions such as acquisitions, the sale or purchase of assets and the issuance and sale of the company’s securities. The interest of our officers and directors may differ from the interests of other shareholders.

As of March 31, 2005, we had reserved 10,000,000 shares of common stock for issuance upon exercise of options which have been or may be granted pursuant to our stock option plans, of which options to purchase

4,777,100 shares were outstanding as of March 31, 2005. Additionally, as of March 31, 2005, there were 6,517,121 warrants outstanding to purchase our common stock. Sales of common stock underlying these stock options and warrants would have a significant dilutive effect upon our current shareholders and may adversely affect the price of the common stock.

Pursuant to the terms and provisions of the 442668 B.C. Consulting Agreement, as defined below, Dr. Jefferies had an anti-dilution mechanism pursuant to which Dr. Jefferies' fully diluted equity ownership interest would be modified to twenty-five percent (25%) of the total issued and outstanding shares of common stock. The anti-dilution mechanism expired on December 31, 2007 and was subject to the achievement of performance milestones to be mutually agreed upon us and Dr. Jefferies and regulatory approvals of applicable jurisdictions. As of the date of this annual report, the 442668 B.C. Consulting Agreement has been renegotiated and the anti-dilution mechanism has been eliminated.

**ITEM 7 FINANCIAL STATEMENTS**

The financial statements listed in the accompanying index to the consolidated financial statements are filed as part of this Annual Report on Form 10-KSB.

**ITEM 8 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS OF ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

The company's principal independent accountant from November 9, 2000 until January 1, 2004 was LaBonte & Co. Effective January 1, 2004, LaBonte & Co. merged with Dale Matheson Carr-Hilton Chartered Accountants pursuant to which the name of the company's principal independent accountant changed to Dale Matheson Carr-Hilton LaBonte.

**ITEM 8A. CONTROLS AND PROCEDURES**

An evaluation was conducted under the supervision and with the participation of Konstantine Sarafis, our President and Chief Executive Officer, and Edward Farrauto, our Chief Financial Officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures (as defined in Rules 240.13a-14c under the Securities Exchange Act of 1934 (the "Exchange Act") as of a date within ninety days before the filing date of this annual report (the "Evaluation Date")). Based on that evaluation, Mr. Sarafis and Mr. Farrauto concluded that the company's disclosure controls and procedures were effective as of such date to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms.

There have been no significant changes in the company's internal controls or in other factors that could significantly affect the company's disclosure controls and procedures subsequent to the Evaluation Date, nor were there any significant deficiencies or material weaknesses in the company's internal controls.

**ITEM 8B. OTHER INFORMATION**

None.

**PART III**

**ITEM 9 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information regarding directors and executive officers of the Company is incorporated by reference to our proxy statement to be filed with the SEC pursuant to Regulation 14A in connection with the 2005 annual meeting of shareholders.

**ITEM 10 EXECUTIVE COMPENSATION**

Information regarding executive compensation is incorporated by reference to our proxy statement to be filed with the SEC pursuant to Regulation 14A in connection with the 2005 annual meeting of shareholders.

**ITEM 11 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information regarding beneficial ownership and related stockholder matters is incorporated by reference to our proxy statement to be filed with the SEC pursuant to Regulation 14A in connection with the 2005 annual meeting of shareholders.

**ITEM 12 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Information regarding certain relationships and related transactions is incorporated by reference to our proxy statement to be filed with the SEC pursuant to Regulation 14A in connection with the 2005 annual meeting of shareholders.

**ITEM 13 EXHIBITS, LIST AND REPORTS ON FORM 8-K**

(a) Index to and Description of Exhibits

| Exhibit Number | Description of Exhibit |
|---|---|
| 3.1 (i) | Amended and Restated Articles of Incorporation of the company dated May 19, 1999 filed as Exhibit 2.1 to the company's Form 10-SB filed September 3, 1999 and incorporated herein by reference. |
| 3.1 (ii) | Amended and Restated Bylaws of the company dated May 10, 2004 filed as Exhibit 3.1 to the company's Form 10-QSB filed May 20, 2004 and incorporated herein by reference. |
| 10.1 | Option Agreement made September 14, 1999 between GeneMax Pharmaceuticals Inc. and The University of British Columbia. |
| 10.2 | License Agreement made March 6, 2000 between GeneMax Pharmaceuticals Inc., The University of British Columbia and Dr. Wilfred Jefferies. |
| 10.3 | Collaborative Research Agreement made September 1, 2000 between GeneMax Pharmaceuticals Canada Inc., GeneMax Pharmaceuticals Inc. and the University of British Columbia. |
| 10.4 | Non-Disclosure Agreement made October 3, 2002 between GeneMax Pharmaceuticals Inc. and The University of British Columbia. |
| 10.5 | Production Services Agreement made March 18, 2003 between the company and Molecular Medicine BioServices Inc. |
| 10.6 | Biological Materials Transfer Agreement made October 21, 2003 between the company and National Institutes of Health. |
| 10.7 | Revised Stock Option Plan dated December 16, 2003 filed as Exhibit 99.1 to the company's Form S-8 filed January 29, 2004 and incorporated herein by reference. |
| 21 | List of Subsidiaries. |
| 23.1 | Consent of Independent Registered Public Accounting Firm. |

| Exhibit Number | Description of Exhibit |
|---|---|
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 32.1 | Certification of Chief Executive Officer under Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act. |
| 32.2 | Certification of Chief Financial Officer under Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act. |

(b) Reports on Form 8-K.

None.

**ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information regarding principal accountant fees and services is incorporated by reference to our proxy statement as filed with the SEC pursuant to Regulation 14A in connection with the 2005 annual meeting of shareholders.

**GENEMAX CORP.**
**(a development stage company)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2004 AND 2003**

DALE MATHESON CARR-HILTON LABONTE
CHARTERED ACCOUNTANTS

Partnership of:
Robert J. Burkart, Inc.
Alvin F. Dale, Ltd.
Wilfred A. Jacobson, Inc.
Robert J. Matheson, Inc.
Brian A. Shaw, Inc.
James F. Carr-Hilton, Ltd.
Peter J. Donaldson, Inc.
Reginald J. LaBonte, Ltd.
Fraser G. Ross, Ltd.
Anthony L. Soda, Inc.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of GeneMax Corp.

We have audited the consolidated balance sheets of GeneMax Corp. as at December 31, 2004 and 2003 and the consolidated statements of operations, stockholders' equity and cash flows for the years then ended and for the period from July 27, 1999 (inception) to December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows and the changes in stockholders' equity for the years then ended and for the period from July 27, 1999 (inception) to December 31, 2004 in accordance with United States generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has a working capital deficiency, a capital deficiency, has incurred significant losses since inception and further losses are anticipated in the development of its products raising substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*"Dale Matheson Carr-Hilton LaBonte"*

CHARTERED ACCOUNTANTS

Vancouver, B.C.
March 17, 2005

A MEMBER OF MGI INTERNATIONAL, A WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTANTS AND BUSINESS ADVISORS
Vancouver Suite 1700 - 1140 West Pender Street, Vancouver, B.C., Canada V6E 4G1, Tel: 604 687 4747 • Fax: 604 687 4216
Suite 1300 - 1140 West Pender Street - Regulatory and Tax Practices Office • Tel: 604 687 4747 • Fax: 604 689 2778

**GENEMAX CORP.**
**(a development stage company)**

**CONSOLIDATED BALANCE SHEETS**

| | December 31, 2004 | December 31, 2003 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | $ 11,646 | $ 19,451 |
| Prepaid expenses | 467 | 1,033 |
| | 12,113 | 20,484 |
| **FURNITURE AND EQUIPMENT, (Note 4)** | | |
| net of depreciation of $158,955 (2003 - $121,506) | 35,273 | 72,722 |
| **DEFERRRED FINANCE FEES (Note 5)** | 40,800 | — |
| | $ 88,186 | $ 93,206 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 919,065 | $ 297,648 |
| Research agreement obligations (Note 3) | 808,814 | 364,107 |
| Convertible notes payable (Note 5) | 477,100 | — |
| Due to related parties (Note 6) | 323,337 | 75,196 |
| | 2,528,316 | 736,951 |
| **COMMITMENTS AND CONTINGENCIES** (Notes 1, 3, 6, 9 and 10) | | |
| **STOCKHOLDERS' EQUITY (DEFICIENCY)** | | |
| Capital stock (Note 7) | | |
| Common stock, $0.001 par value, 50,000,000 shares authorized 20,103,875 shares issued and outstanding (2003 – 18,808,034) | 20,104 | 18,808 |
| Additional paid-in capital | 9,343,123 | 8,401,949 |
| Common stock purchase warrants | 695,200 | 734,085 |
| Deficit accumulated during the development stage | (12,434,770) | (9,751,665) |
| Accumulated other comprehensive income (loss) | (63,787) | (46,922) |
| | (2,440,130) | (643,745) |
| | $ 88,186 | $ 93,206 |

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

**GENEMAX CORP.**
**(a development stage company)**

CONSOLIDATED STATEMENTS OF OPERATIONS

| | Year Ended December 31 2004 | Year Ended December 31 2003 | July 27, 1999 (inception) to December 31, 2004 |
|---|---|---|---|
| **INTEREST INCOME** | $ — | $ — | $ 26,571 |
| **EXPENSES** | | | |
| Consulting fees | 1,440 | 266,587 | 622,300 |
| Consulting fees – stock-based (Note 7) | 73,500 | 2,121,000 | 2,824,775 |
| Depreciation | 37,449 | 42,368 | 158,955 |
| License fees | 121,557 | 128,000 | 328,800 |
| Management fees | 262,506 | 227,366 | 977,078 |
| Office and general | 351,875 | 918,978 | 1,514,871 |
| Professional fees | 520,734 | 277,405 | 1,308,642 |
| Research and development | 1,039,052 | 1,114,640 | 3,686,736 |
| Research and development – stock-based (Note 7) | — | 612,000 | 612,000 |
| Transfer agent | 219,488 | 6,223 | 229,119 |
| Travel | 55,504 | 64,338 | 198,065 |
| | 2,683,105 | 5,778,905 | 12,461,341 |
| **NET LOSS FOR THE YEAR** | $ (2,683,105) | $ (5,778,905) | $ (12,434,770) |
| **BASIC NET LOSS PER SHARE** | $ (0.13) | $ (0.34) | |
| **WEIGHTED AVERAGE COMMON SHARES OUTSTANDING** | 19,991,687 | 17,046,996 | |

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

**GENEMAX CORP.**
**(a development stage company)**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**FOR THE PERIOD FROM JULY 27, 1999 (INCEPTION) TO DECEMBER 31, 2004**

| | Common Stock Number of shares | Common Stock Amount | Additional Paid In Capital | Common Stock Subscriptions | Common Stock Purchase Warrants | Deficit Accumulated During Development Stage | Accumulated other Comprehensive Income (loss) | Total |
|---|---|---|---|---|---|---|---|---|
| Issued on incorporation — July 27, 1999 | 1 | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Issued to founders for: | | | | | | | | |
| - consulting services — October 1999 | 2,150,000 | 2,150 | — | — | — | — | — | 2,150 |
| - cash at $0.001 per share — October 1999 | 1,850,000 | 1,850 | — | — | — | — | — | 1,850 |
| Common stock subscriptions | — | — | — | 177,100 | — | — | — | 177,100 |
| Net loss for the period | — | — | — | — | — | (80,733) | — | (80,733) |
| Balance, December 31, 1999 | 4,000,001 | 4,000 | — | 177,100 | — | (80,733) | — | 100,367 |
| Issued in connection with UBC agreement (Note 3): | | | | | | | | |
| - for consulting services — February 2000 | 3,600,000 | 3,600 | — | — | — | — | — | 3,600 |
| - for license fees — February 2000 | 500,000 | 500 | — | — | — | — | — | 500 |
| Issued for cash at $0.60 per share — February 2000 | | | | | | | | |
| - net of finders' fees of $95,570 | 1,408,828 | 1,409 | 748,321 | (177,100) | — | — | — | 572,630 |
| Issued for cash at $0.60 per share — March 2000 | 644,000 | 644 | 385,756 | — | — | — | — | 386,400 |
| Issued for cash at $0.60 per share- May 2000 | 210,000 | 210 | 125,790 | — | — | — | — | 126,000 |
| Issued for finders' fees in connection with $0.60 financing – May 2000 | 124,642 | 125 | (125) | — | — | — | — | — |
| Net loss for the year | — | — | — | — | — | (935,332) | — | (935,332) |
| Currency translation adjustment | — | — | — | — | — | — | (1,937) | (1,937) |

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

**GENEMAX CORP.**
**(a development stage company)**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**FOR THE PERIOD FROM JULY 27, 1999 (INCEPTION) TO DECEMBER 31, 2004**

| | Common Stock Number of shares | Common Stock Amount | Additional Paid In Capital | Common Stock Subscriptions | Common Stock Purchase Warrants | Deficit Accumulated During Development Stage | Accumulated other Comprehensive Income (loss) | Total |
|---|---|---|---|---|---|---|---|---|
| Balance, December 31, 2000 | 10,487,471 | 10,488 | 1,259,742 | — | — | (1,016,065) | (1,937) | 252,228 |
| Issued for cash at $0.75 per share - - April to July 2001 | 110,334 | 110 | 82,640 | — | — | — | — | 82,750 |
| Issued for cash at $1.00 per share - - June to November 2001 | 265,000 | 265 | 264,735 | — | — | — | — | 265,000 |
| Net loss for the year | — | — | — | — | — | (671,986) | — | (671,986) |
| Currency translation adjustment | — | — | — | — | — | — | (2,041) | (2,041) |
| Balance, December 31, 2001 | 10,862,805 | 10,863 | 1,607,117 | — | — | (1,688,051) | (3,978) | (74,049) |
| Issued for cash at $1.00 per share- February to May 2002 - net of finders' fees of $17,000 | 187,500 | 187 | 170,313 | — | — | — | — | 170,500 |
| Issued on settlement of debts at $0.75 per share - - May 2002 | 181,660 | 182 | 136,063 | — | — | — | — | 136,245 |
| GPI balance, July 15, 2002 (Note 1) | 11,231,965 | 11,232 | 1,913,493 | — | — | (1,688,051) | (3,978) | 232,696 |
| GMC balance, July 15, 2002 | 15,320,119 | 52,075 | 7,134,217 | (85,000) | — | (6,607,580) | — | 493,712 |
| Reverse acquisition recapitalization adjustment | (11,231,965) | (47,987) | (7,180,193) | — | 620,600 | 6,607,580 | — | — |
| Balance post reverse acquisition | 15,320,119 | 15,320 | 1,867,517 | (85,000) | 620,600 | (1,688,051) | (3,978) | 726,408 |
| Common stock purchase warrants expired | — | — | 9,900 | — | (9,900) | — | — | — |
| GMC subscription proceeds received | — | — | — | 100,000 | — | — | — | 100,000 |

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

**GENEMAX CORP.**
**(a development stage company)**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**FOR THE PERIOD FROM JULY 27, 1999 (INCEPTION) TO DECEMBER 31, 2004**

| | Common Stock Number of shares | Common Stock Amount | Additional Paid In Capital | Common Stock Subscriptions | Common Stock Purchase Warrants | Deficit Accumulated During Development Stage | Accumulated other Comprehensive Income (loss) | Total |
|---|---|---|---|---|---|---|---|---|
| Issued for cash at $2.50 per share — November 2002 | 425,400 | 425 | 956,725 | — | 106,350 | — | — | 1,063,500 |
| Subscription proceeds received – December 2002 | — | — | — | 185,000 | — | — | — | 185,000 |
| Exercise of stock options at $0.50 per share | 102,000 | 102 | 50,898 | — | — | — | — | 51,000 |
| Stock-based compensation | — | — | 630,275 | — | — | — | — | 630,275 |
| Net loss for the year | — | — | — | — | — | (2,284,709) | — | (2,284,709) |
| Currency translation adjustment | — | — | — | — | — | — | (5,645) | (5,645) |
| Balance, December 31, 2002 | 15,847,519 | 15,847 | 3,515,315 | 200,000 | 717,050 | (3,972,760) | (9,623) | 465,829 |
| Exercise of stock options at $0.50 per share | 1,793,630 | 1,794 | 895,021 | — | — | — | — | 896,815 |
| Exercise of stock options at $1.00 per share | 525,000 | 525 | 524,475 | — | — | — | — | 525,000 |
| Issued for cash at $5.00 per share | 43,000 | 43 | 193,457 | (185,000) | 21,500 | — | — | 30,000 |
| Issued for cash at $1.00 per share, net of finder's fee | 555,350 | 555 | 465,725 | — | 55,535 | — | — | 521,815 |
| Issued as finders' fees | 33,535 | 34 | (34) | — | — | — | — | — |
| Issued for license agreement | 10,000 | 10 | 9,990 | — | — | — | — | 10,000 |
| Subscriptions repaid | — | — | 5,000 | (15,000) | — | — | — | (10,000) |
| Common stock purchase warrants expired | — | — | 60,000 | — | (60,000) | — | — | — |
| Stock-based compensation | — | — | 2,733,000 | — | — | — | — | 2,733,000 |
| Net loss for the year | — | — | — | — | — | (5,778,905) | — | (5,778,905) |

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

**GENEMAX CORP.**
**(a development stage company)**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**FOR THE PERIOD FROM JULY 27, 1999 (INCEPTION) TO DECEMBER 31, 2004**

| | Common Stock Number of shares | Common Stock Amount | Additional Paid In Capital | Common Stock Subscriptions | Common Stock Purchase Warrants | Deficit Accumulated During Development Stage | Accumulated other Comprehensive Income (loss) | Total |
|---|---|---|---|---|---|---|---|---|
| Currency translation adjustment | — | — | — | — | — | — | (37,299) | (37,299) |
| Balance, December 31, 2003 | 18,808,034 | 18,808 | 8,401,949 | — | 734,085 | (9,751,665) | (46,922) | (643,745) |
| Issued for cash at $0.70 per share — February 2004 - - net of finders' fees of $50,000 | 857,143 | 857 | 489,143 | — | 60,000 | — | — | 550,000 |
| Shares issued as finders' fees | 71,428 | 72 | (72) | — | — | — | — | — |
| Fair value of warrants issued in connection with convertible notes (Note 5) | — | — | — | — | 50,000 | — | — | 50,000 |
| Fair value of finders' fee warrants (Note 5) | — | — | — | — | 15,000 | — | — | 15,000 |
| Exercise of stock options at $0.50 per share | 304,370 | 304 | 151,881 | — | — | — | — | 152,185 |
| Exercise of stock options at $1.00 per share | 52,900 | 53 | 52,847 | — | — | — | — | 52,900 |
| Settlement of debt at $1.00 per share | 10,000 | 10 | 9,990 | — | — | — | — | 10,000 |
| Common stock purchase warrants expired | — | — | 163,885 | — | (163,885) | — | — | — |
| Stock-based compensation | — | — | 73,500 | — | — | — | — | 73,500 |
| Net loss for the year | — | — | — | — | — | (2,683,105) | — | (2,683,105) |
| Currency translation adjustment | — | — | — | — | — | — | (16,865) | (16,865) |
| Balance, December 31, 2004 | 20,103,875 | $20,104 | $9,343,123 | $ — | $ 695,200 | $(12,434,770) | $ (63,787) | $(2,440,130) |

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

**GENEMAX CORP.**
**(a development stage company)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Year Ended December 31 2004 | Year Ended December 31 2003 | July 27, 1999 (inception) to December 31, 2004 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net loss for the year | $(2,683,105) | $(5,778,905) | $(12,434,770) |
| Adjustments to reconcile net loss to net cash from operating activities: | | | |
| - depreciation | 37,449 | 42,368 | 158,955 |
| - non-cash interest and finance fees | 75,400 | — | 75,400 |
| - non-cash consulting fees | — | — | 5,750 |
| - non-cash license fees | — | 10,000 | 10,500 |
| - stock-based compensation | 73,500 | 2,733,000 | 3,436,775 |
| - prepaid expense | 566 | 4,967 | 5,533 |
| - increase in accounts payable | 836,502 | 106,155 | 1,119,866 |
| - research agreement obligations | 444,707 | 290,987 | 808,814 |
| **NET CASH USED IN OPERATING ACTIVITIES** | (1,214,981) | (2,591,428) | (6,813,177) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of furniture and equipment | — | (2,251) | (194,228) |
| Pre reverse acquisition advances from GMC | — | — | 250,000 |
| Cash acquired on reverse acquisition of GMC | — | — | 173,373 |
| **NET CASH FROM (USED IN) INVESTING ACTIVITIES** | — | (2,251) | 229,145 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds on sale and subscriptions of common stock | 550,000 | 1,963,630 | 5,695,360 |
| Deferred finance fees | (74,100) | — | (74,100) |
| Convertible loans payable | 500,000 | — | 500,000 |
| Loans payable | — | — | 136,245 |
| Advances from related parties | 248,141 | 44,210 | 401,960 |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | 1,224,041 | 2,007,840 | 6,659,465 |
| **EFFECT OF EXCHANGE RATE CHANGES** | (16,865) | (37,299) | (63,787) |
| **INCREASE (DECREASE) IN CASH** | (7,805) | (623,138) | 11,646 |
| **CASH, BEGINNING OF YEAR** | 19,451 | 642,589 | — |
| **CASH, END OF YEAR** | $ 11,646 | $ 19,451 | $ 11,646 |
| **SUPPLEMENTAL DISCLOSURES:** | | | |
| Interest paid | $ — | $ — | $ — |
| Taxes paid | $ — | $ — | $ — |

**Other non-cash investing and financing activities:**

Refer to Notes 3, 5, 6 and 7..

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

**GENEMAX CORP.**
**(a development stage company)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**DECEMBER 31, 2004 AND 2003**

## NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

On May 9, 2002, GeneMax Corp. ("GMC" or the "Company"), a Nevada corporation entered into a letter of intent to acquire 100% of the issued and outstanding common shares of GeneMax Pharmaceuticals Inc. (a development stage company) ("GPI"), in exchange for a total of 11,431,965 restricted shares of common stock of GMC. During July and August, 2002 the Company completed the transaction pursuant to a definitive Share Exchange Agreement and issued 11,231,965 restricted shares of common stock to the GPI stockholders and 200,000 shares of common stock as a finder's fee. This acquisition was accounted for as a reverse merger.

GPI is a private Delaware company incorporated July 27, 1999 which has a wholly-owned subsidiary, GeneMax Pharmaceuticals Canada Inc. ("GPC"), a private British Columbia company incorporated May 12, 2000. GPI is a development stage company which was formed for the purpose of building a biotechnology business specializing in the discovery and development of immunotherapeutics aimed at the treatment and eradication of cancer, and therapies for infectious diseases, autoimmune disorders and transplant tissue rejection.

During 2000 GPI and the University of British Columbia ("UBC") entered into a world-wide license agreement providing GPI the exclusive license rights to certain patented and unpatented technologies originally invented and developed by UBC. Also during 2000 GPI and UBC entered into a Collaborative Research Agreement ("CRA") appointing UBC to carry out further development of the licensed technology and providing GPI the option to acquire the rights to commercialize any additional technologies developed within the CRA in consideration for certain funding commitments. The lead product resulting from these licenses is a cancer immunotherapy vaccine, on which the Company has been completing pre-clinical work in anticipation of clinical trials. Specifically the Company has advanced the technology through issuance of U.S. patents, tested various viral vectors needed to deliver the gene that forms the basis for the vaccine, licensed a preferred viral vector and contracted out production of a clinical grade vaccine. The Company plans to continue development of the lead product vaccine (Transporters of Antigen Processing ("TAP")) through clinical trials. The other technologies licensed include assays, which the Company plans to use for generation of a pipeline of immune-modulation products. The assay technology acquired has received U.S. patent protection.

The consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As at December 31, 2004, the Company has a working capital deficiency of $2,516,203, a capital deficiency of $2,440,130 and has incurred significant losses since inception and further losses are anticipated in the development of its products raising substantial doubt as to the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on raising additional capital to fund ongoing research and development and ultimately on generating future profitable operations. Costs relating to future clinical trials of the Company's cancer immunotherapy vaccine are a part of normal product development and advancement. Since internally generated cash flow will not fund development and commercialization of the Company's products, the Company will require significant additional financial resources and will be dependant on future financings to fund its ongoing research and development as well as other working capital requirements. The Company's future capital requirements will depend on many factors including the rate and extent of scientific progress in its research and development programs, the timing, cost and scope involved in its clinical trials, obtaining regulatory approvals and pursuing further patent protections and the timing and costs of its commercialization activities.

Management continues to raise capital through private placements and loans as required to meet its operating budgets. Subsequent to December 31, 2004 gross proceeds of $1,360,245 were raised via equity private placements (refer to Note 10). The Company's operations and financing requirements are expected to expand upon entering clinical trials with its TAP cancer vaccine.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

These consolidated financial statements have been presented in United States dollars and prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP").

**GENEMAX CORP.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(a development stage company)**
**DECEMBER 31, 2004 AND 2003**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Principles of Consolidation**

The financial statements include the accounts of the Company and its wholly-owned subsidiaries GPI and GPC as described in Note 1. All significant intercompany balances and transactions are eliminated on consolidation.

**Use of Estimates and Assumptions**

Preparation of the Company's financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas requiring management's estimates and assumptions are determining the fair value of stock-based compensation, the fair value of the components of the convertible notes payable and the useful life of furniture and equipment.

**Furniture and Equipment**

Furniture and equipment are stated at cost. Depreciation is computed at the following rates over the estimated useful lives of the assets: Office furniture and equipment — 36 months straight-line; Laboratory equipment — 60 months straight-line

**Deferred Finance Fees**

The Company defers direct costs incurred in connection with the sale of common shares which are offset against the proceeds of the financing upon completion. Costs incurred in connection with Convertible loans payable are deferred and amortized as a financing cost over the term of the convertible loans. Upon conversion of the loan, any unamortized amount of deferred financing costs will be charged to stockholders' equity as a cost of financing.

**Research and Development Costs**

The Company has acquired exclusive development and marketing rights to certain technologies through various License Agreements and Research Agreements as described in Note 3. The rights and license acquired are considered rights to unproven technology which may not have alternate future uses and therefore, have been expensed as incurred as research and development costs. Also, ongoing costs incurred in connection with the Collaborative Research Agreement are considered costs incurred in the development of unproven technology which may not have alternate future uses and therefore, have been expensed as incurred as research and development costs.

**Fair Value of Financial Instruments**

In accordance with the requirements of SFAS No. 107, the Company has determined the estimated fair value of financial instruments using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets or liabilities including cash, loans and accounts payable and amounts due to related parties approximate carrying values due to the short-term maturity of the instruments.

**Foreign Currency Translation**

The financial statements are presented in United States dollars. In accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation", foreign denominated monetary assets and liabilities are translated into their United States dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Revenue and expenses are translated at average rates of exchange during the year. Related translation adjustments are reported as a separate component of stockholders' equity, whereas gains or losses resulting from foreign currency transactions are included in results of operations.

**Income Taxes**

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis (temporary differences). The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. At December 31, 2004 a full deferred tax asset valuation allowance has been provided and no deferred tax asset benefit has been recorded.

**GENEMAX CORP.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(a development stage company)**
**DECEMBER 31, 2004 AND 2003**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Loss Per Common Share**

Basic earnings (loss) per share includes no dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Dilutive earnings (loss) per share reflect the potential dilution of securities that could share in the earnings of the Company. The accompanying presentation is only of basic loss per share as the potentially dilutive factors are anti-dilutive to basic loss per share.

**Stock-Based Compensation**

In December 2002, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standard No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" ("SFAS No. 148"), an amendment of Financial Accounting Standard No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"). The purpose of SFAS No. 148 is to: (1) provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation, (2) amend the disclosure provisions to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation, and (3) to require disclosure of those effects in interim financial information. The disclosure provisions of SFAS No. 148 were effective for the Company for the year ended December 31, 2002 and the required disclosures have been made below.

The Company has elected to continue to account for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", ("APB No. 25") and comply with the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148 as described above. In addition, in accordance with SFAS No. 123 the Company applies the fair value method using the Black-Scholes option-pricing model in accounting for options granted to consultants. Under APB No. 25, compensation expense for employees is recognized based on the difference, if any, on the date of grant between the estimated fair value of the Company's stock and the amount an employee must pay to acquire the stock. Compensation expense is recognized immediately for past services and pro-rata for future services over the option-vesting period.

In accordance with SFAS No. 123, the Company applies the fair value method using the Black-Scholes option-pricing model in accounting for options granted to consultants.

The following table illustrates the pro forma effect on net income (loss) and net income (loss) per share as if the Company had accounted for its for stock-based employee compensation using the fair value provisions of SFAS No. 123 using the assumptions as described in Note 7:

| | For the year ended December 31, 2004 | 2003 |
|---|---|---|
| Net loss for the period as reported | $ (2,683,105) | $(5,778,905) |
| Additional SFAS 123 employee compensation expense | (308,000) | (1,401,000) |
| Pro-forma net loss for the year | $ (2,991,105) | $(7,179,905) |
| Pro-forma basic net loss per share | $ (0.15) | $(0.42) |

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force ("EITF") in Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services" ("EITF 96-18"). Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

The Company has also adopted the provisions of the FASB No. 44, Accounting for Certain Transactions Involving Stock Compensation – An Interpretation of APB Opinion No. 25 ("FIN 44"), which provides guidance as to certain applications of APB 25. FIN 44 is generally effective July 1, 2000 with the exception of certain events occurring after December 15, 1998.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Recent Accounting Pronouncements**

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123R, Share-Based Payment, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is the requirement of a public entity to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). This standard becomes effective for the Company for its first annual or interim period ended on or after December 15, 2005. The Company will adopt SFAS 123R no later than the beginning of the Company's fourth quarter ending December 31, 2005. Management is currently evaluating the potential impact that the adoption of SFAS 123R will have on the Company's financial position and results of operations.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions* ("SFAS 153") SFAS 153 requires that exchanges of non-monetary assets are to be measured based on fair value and eliminates the exception for exchanges of non-monetary, similar productive assets, and adds an exemption for non-monetary exchanges that do not have commercial substance. SFAS 153 will be effective for fiscal periods beginning after June 15, 2005. Management does not believe that the adoption of this standard will have a material impact on the Company's financial position or results of operations.

## NOTE 3 – RESEARCH AGREEMENTS

**University of British Columbia ("UBC")**

Effective September 14, 1999 GPI entered into an Option Agreement ("Option") whereby UBC granted GPI an option to obtain a world-wide license from UBC providing GPI the exclusive license rights to certain patented and unpatented cancer immuno-therapy technologies originally invented and developed by UBC. The Option was for a term of 180 days and prior to being eligible to exercise the Option, GPI was to make a reasonable commercial effort to raise equity funding in an amount not less than CAN$1,000,000 to fund ongoing research and issue 500,000 founders' common shares to UBC and an additional 3,600,000 founders' common shares to certain principals involved in the UBC research. Having satisfied all of the conditions on or before March 6, 2000, GPI exercised the Option and obtained from UBC, the exclusive license rights as described above for meeting the specific terms of the Option plus a further payment of $78,743. The License will terminate after 15 years or upon the expiration of the last patent obtained relating to the licensed technology. The cost of obtaining any patents will be the responsibility of GPI. The technology remains the property of UBC, however, it may be utilized and improved by GPI. Concurrent with the execution of the license the head researcher at UBC became a director of GPI.

GPI and UBC entered into a Collaborative Research Agreement ("CRA") dated September 1, 2000 appointing UBC to carry out further development of the licensed technology and providing GPI the option to acquire the rights to commercialize any additional technologies developed within the CRA in consideration for certain funding commitments totaling CAN$498,980 to be paid in four equal installments of CAN$124,725 due upon execution of the CRA, September 30, 2000, January 1, 2001 and March 31, 2001 of which $374,215 was paid. Through a series of amendments between November 28, 2000 and September 9, 2002, the funding commitment was increased to a total of CAN$ 2,973,049 of which CAN$991,515 was to be paid for the year ended December 31, 2002, CAN$1,135,801 to be paid in 2003 and CAN$471,518 to be paid in 2004. As at December 31, 2004 CAN$235,759 (2003 — CAN$471,518) is payable in connection with the original CRA terms. In addition, as required by the CRA, GPI has purchased certain laboratory equipment in connection with the ongoing research. The CRA ended on its scheduled termination date of August 31, 2004. For the period from September 1, 2004 to December 31, 2004 the Company recorded a further CAN$568,195 in connection with ongoing research and patent activities and cost overruns on the original CRA with UBC resulting in a total of CAN$803,954 owing to UBC as at December 31, 2004.

Subsequent to year end, the Company and UBC negotiated a one year extension of the CRA commencing March 1, 2005 with a total funding commitment by the Company of $294,696. In addition, the Company and UBC agreed on a payment schedule for the new CRA amount and the December 31, 2004 payable totalling CAN$1,098,650 as follows; CAN$408,674 on execution of the definitive agreement; CAN$173,674 on each of May 1, August 1 and December 1, 2005; CAN$100,000 on March 1, 2006 and CAN$68,954 on May 1, 2006.

**GENEMAX CORP.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(a development stage company)**
**DECEMBER 31, 2004 AND 2003**

## NOTE 3 – RESEARCH AGREEMENTS (cont'd)

During the quarter ended March 31, 2004, the Company entered in to an exclusive worldwide license agreement with UBC for the use of a novel assay technology intended to be used to screen and select new drugs that regulate immune responses. The term of the license is for the longer of 20 years and the last expiry of a patent obtained in connection with the technology. In consideration for the license, during 2003 the Company issued to UBC 10,000 restricted shares of common stock with a fair value of $10,000 and must pay an annual maintenance fee of $500 and all costs required to obtain any patents related thereto.

**Crucell Holland B.V. ("Crucell") – Research License and Option Agreement**

Effective August 7, 2003 Crucell and GPI entered into a five year Research License and Option Agreement whereby Crucell granted to GPI a non-exclusive worldwide license for the research use of its adenovirus technology. The Agreement includes an option for a non-exclusive worldwide commercial license to manufacture, use, offer for sale, sell and import products using the technology. Under the terms of the agreement, the Company is required to make initial and ongoing option maintenance payments over the five year term totalling 450,000 Euros due upon invoice from Crucell. To December 31, 2003 the Company had made all payments required totalling $115,490 (100,000 Euros), a further $60,864 (50,000 Euros) was incurred during the first quarter of 2004 and a further $60,103 (50,000 Euros) was incurred during the third quarter of 2004 leaving $120,967 (100,000 Euros) owing as at December 31, 2004 under the terms of the agreement. The Company is in discussions with Crucell which may result in the conversion of this payable into equity.

**Molecular Medicine BioServices, Inc. ("Molecular Medicine") – Production Service Agreement**

Effective March 18, 2003 Molecular Medicine and GMC entered into a Production Service Agreement, as amended on August 29, 2003, whereby Molecular Medicine will produce the clinical vector for delivery of the TAP gene used in the Company's cancer immunotherapy product. The product will incorporate the Crucell vector and GMC 's TAP1 gene. Total obligations under the contract are $232,000 payable to Molecular Medicine plus an estimated $110,000 to $145,000 in third-party testing costs. To December 31, 2003 the Company has made all payments required under the terms of the agreement totalling $108,500 and during 2004 a further $15,000 has been incurred and is owing as at December 31, 2004. A renegotiation of this contract is currently underway with an anticipated revised work plan and payment schedule.

## NOTE 4 – FURNITURE AND EQUIPMENT

| | December 31, 2004 | December 31, 2003 |
|---|---|---|
| Office furniture and equipment | $ 10,425 | $ 10,425 |
| Laboratory equipment | 183,803 | 183,803 |
| | 194,228 | 194,228 |
| Less: accumulated depreciation | (158,955) | (121,506) |
| | $ 35,273 | $ 72,722 |

## NOTE 5 –CONVERTIBLE NOTES PAYABLE

During the quarter ended June 30, 2004 the Company issued two unsecured convertible promissory notes in the principal amount of $500,000, that bear interest at 8% per annum and are due twelve months from the date of issue. The unpaid amount of principal and interest may be converted at any time at the holder's option into shares of the Company's common stock at a price of $0.60 per share. In addition, the holders of the notes were granted common stock purchase warrants entitling the holder to purchase an additional 416,667 shares of the Company's common stock at a price of $0.66 per share for a period of 2 years and the Company granted a further 125,000 common stock purchase warrants with an estimated fair value of $15,000 as a finder's fee entitling the holder to purchase an additional 83,333 shares of the Company's common stock at a price of $0.60 per share for a period of 2 years and 41,667 shares of the Company's common stock at a price of $0.66 per share for a period of 2 years.

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## NOTE 5 –CONVERTIBLE NOTES PAYABLE (cont'd)

The Company also incurred $74,100 of costs in connection with this financing resulting in a total of $89,100 being recorded as deferred finance fees. These costs will be expensed over the term of the convertible promissory notes or the remaining unamortized amount will be charged to stockholders' equity if the notes are converted. As of December 31, 2004, $48,300 of the deferred finance fees have been expensed. As at December 31 2004 $21,667 of accrued and unpaid interest is included in accounts payable.

The fair value of the convertible promissory notes at issuance was estimated to be $450,000 based on an estimated fair value interest rate on debt with comparable risk profiles of 20%. As a result, the fair value of the equity component of this instrument (comprised of the common stock purchase warrants and the debt conversion feature) was estimated to be the remaining $50,000. The equity component was attributed entirely to the common stock purchase warrants and recorded as a separate component of stockholders' equity as the conversion feature did not to have a beneficial intrinsic value and its fair value was otherwise determined not to be material. The Company will record a further interest expense over the term of the notes of $50,000 resulting from the difference between the stated and fair value interest rates such that the carrying value of the notes will be increased to the face value of $500,000 at maturity. To December 31, 2004 a further interest expense of $27,100 has been accrued resulting in a carrying value of the notes of $477,100.

Subsequent to year end the Company amended certain terms of these convertible notes payable (refer to Note 10).

## NOTE 6 –RELATED PARTY TRANSACTIONS

Effective December 31, 2003 the Board of Directors of the Company approved the amendment of an existing consulting agreement for research and development services and an existing management services agreement between the Company and two officers and directors of the Company. Under the terms of the amended agreements, the two directors will be paid monthly amounts of CAN$15,158 and CAN$13,375, commencing January 1, 2004 for terms ending February 1, 2005 and March 6, 2006 respectively.

In 2003 the Board of Directors of the Company agreed to grant to Dr. Wilf Jefferies, one of the above noted directors and the head researcher at UBC (refer to Note 3), up to a five year anti-dilution right whereby Dr. Jefferies will be guaranteed the rights, subject to achieving certain developmental milestones, allowing him to purchase and own (by way of stock options, and/or convertible preferred shares or as otherwise determined by the Board of Directors) not less than 25% of the fully diluted outstanding shares of common stock of the Company, with such anti-dilution rights, terms and conditions being subject to applicable regulatory approvals which was not obtained. Subsequent to December 31, 2004, a new contract was implemented for Dr. Jefferies which replaced the five year anti-dilution right with certain option grants (refer to note 10).

Effective December 31, 2003 the Board of Directors of the Company approved entering into a month-to-month management consulting agreement with another officer and director for services for the period from January 1, 2004 to April 15, 2004 for a total of approximately $32,000. During the quarter ended June 30, 2004 this director resigned and accordingly $20,642 was reclassified as accounts payable which remains unpaid as at December 31, 2004.

During 2004 the Company entered into an agreement with the Company's new Chief Financial Officer ("CFO"). Under the terms of the agreement the CFO will be paid a total of CAN$5,350 per month for twelve months ending May 21, 2005. In addition, in connection with this agreement the Company granted the CFO 100,000 stock options as described in Note 7.

During 2004 the Company entered into an agreement with the Company's Chief Operating Officer ("COO"). Under the terms of the agreement the COO will be paid a daily fee of CAN. $1,070. The agreement commenced as of August 30, 2004 and will continue for one year from that date. The Company also granted to the COO 300,000 stock options exercisable at $0.50 per share as described in Note 7. Subsequent to December 31, 2004, a new contract was implemented and the COO became President and CEO of the Company (refer to note 10).

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## NOTE 6 –RELATED PARTY TRANSACTIONS (cont'd)

The following amounts have been incurred to these related parties:

| | For the year ended December 31, 2004 | 2003 |
|---|---|---|
| Consulting fees | $ — | $ 31,000 |
| Management fees | 252,506 | 227,366 |
| Research and development | 140,022 | 130,503 |
| | $ 392,528 | $ 388,869 |

As at December 31, 2004 the Company has total commitments remaining relating to the above management and consulting agreements of approximately $190,000.

During the year ended December 31, 2004 GPI and the Company incurred $392,528 (2003 – $388,869) in fees and $NIL (2003 — $649,738) in expense reimbursements to these related parties and made net repayments of $123,745 (2003 — $650,623). During the year ended December 31, 2004 a former director of the Company who was owed a total of $20,642 resigned and these amounts were reclassified to accounts payable resulting in $323,337 owing to related parties as at December 31, 2004, (2003 — $75,196). Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

Refer to Notes 3, and 10.

## NOTE 7 – CAPITAL STOCK

The authorized capital of the Company consists of 50,000,000 voting common shares with $0.001 par value and 5,000,000 non-voting preferred shares with $.001 par value. Effective December 31, 2003 the Company's Board of Directors approved an increase in the authorized capital to 300,000,000 voting common shares and 50,000,000 non-voting preferred shares subject to shareholder approval that has not been obtained to date.

During 2002 the Company commenced a private placement of up to 1,000,000 units at $5.00 per unit. Each unit consists of one common share and one half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase an additional common share of the Company at a price of $7.50 per share for a period of one year. During 2003 the Company issued 43,000 shares of common stock on the purchase of 43,000 units for total proceeds of $215,000 of which $185,000 had been received as at December 31, 2002 and $30,000 was received during 2003. The fair value of the warrants was estimated to be $21,500 and was recorded as separate component of stockholders' equity

During 2003 the Company commenced a private placement of up to 5,000,000 units at $1.00 per unit. Each unit consists of one common share and one half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase an additional common share of the Company at a price of $1.50 per share for a period of one year. The Company issued 555,350 shares of common stock on the purchase of 555,350 units for total proceeds of $555,350. A finder's fee of $33,535 and 33,535 finder's fee shares were paid in connection with this financing. The fair value of the warrants was estimated to be $55,535 and was recorded as separate component of stockholders' equity.

During 2003 the Company issued 1,793,630 shares of common stock on the exercise of stock options at $0.50 per share for cash proceeds of $449,000 and the remaining $447,815 was paid by way of offset of amounts originally owing to certain creditors which were assigned by these creditors to option holders. The option holders were designates or employees of the creditors. In addition the Company issued 525,000 shares of common stock on the exercise of stock options at $1.00 per share for cash proceeds of $210,000 and the remaining $315,000 by way of offset of amounts originally owing to a creditor which was assigned by the creditor to option holders. The option holders designates or employees of the creditor. Of the total amounts assigned by the creditor, $100,000 was cash advances received by the Company.

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**NOTE 7 – CAPITAL STOCK (cont'd)**

During 2003 the Company paid $10,000 in connection with the settlement of $15,000 of subscriptions received in 2000 which were under dispute. As a result of the settlement the Company recorded a contribution to additional paid in capital of $5,000.

During 2003 the Company issued 10,000 shares of common stock with a fair value of $10,000 pursuant to new UBC license agreement as described in Note 3.

During 2004 the Company issued 52,900 shares of common stock on the exercise of stock options at $1.00 per share the consideration for which was the settlement of accounts payable owing to the option holder totalling $52,900.

During 2004 the Company issued 304,370 shares of common stock on the exercise of stock options at $0.50 per share for proceeds of $152,185 which was paid by way of offset of amounts originally owing by the Company to certain consultants of the Company which were assigned by these consultants to certain options holders. These amounts were originally owing by the Company as a result of cash advances made to the Company totalling $50,000 and expenses incurred on behalf of the Company totalling $102,185.

During 2004 the Company commenced a private placement of units at $0.70 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share of the Company at a price of $0.70 per share for a period of two years. The Company issued 857,143 shares of common stock on the purchase of 857,143 units for total proceeds of $600,000. The Company issued 71,428 shares of common stock as a placement fee and paid a further $50,000 in connection with this financing. The fair value of the warrants was estimated to be $60,000 and was recorded as separate component of stockholders' equity.

During 2004 the Company issued 10,000 shares of common stock on settlement of accounts payable of $10,000.

**Stock Option Plan**

On September 30, 2002 the Board of Directors of the Company approved the adoption of a new stock option plan (the "Plan") allowing for the granting of up to 3,500,000 options to directors, officers, employees and consultants of the Company and its subsidiaries. Options granted under the Plan shall be at prices and for terms as determined by the Board of Directors with terms not to exceed 10 years. The Plan further provides that the Board of Directors may grant to any key personnel of the Company who is eligible to receive options, one or more Incentive Stock Options at a price not less than fair market value and for a period not to exceed 10 years from the date of grant. Options and Incentive Stock Options granted under the Plan may have vesting requirements as determined by the Board of Directors.

Effective April 16, 2003 the Board of Directors approved an increase in the number of options available under the Plan from 3,500,000 to 4,500,000. Also effective July 9, 2003 the Company filed a Form S-8 Registration Statement to register 500,000 shares in connection with the Plan. Effective December 16, 2003, the Board of Directors approved the further increase in the number of options available under the Plan from 4,500,000 to 10,000,000, and during 2004 filed a Form S-8 Registration Statement effective January 26, 2004 to register a further 2,250,000 shares in connection with the Plan.

**Stock Options**

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of APB No. 25 and complies with the disclosure provisions of SFAS No. 123 and SFAS No. 148. In accordance with SFAS No. 123 the Company applies the fair value method using the Black-Scholes option-pricing model in connection with accountincg for options granted to consultants and the disclosure provision relating to options granted to employees.

In connection with the reverse acquisition of GPI, the Company granted a total of 2,135,000 stock options to previous holders of stock options of GPI with terms and conditions consistent with their original GPI stock options. Of these stock options, 150,000 are subject to straight line vesting for a period of 36 months commencing October 1, 2002. The fair value of these incentive stock options will be recorded as compensation expense over the vesting period. The fair value of these options at the date of grant of $142,500 was estimated using the Black-Scholes option pricing model with an expected life of three years, a risk-free interest rate of 4% and an expected volatility of 226%. To December 31, 2004 a total of $106,875 (December 31, 2003 — $59,375) has been recorded as consulting fees in connection with these options which expired unexercised during 2004.

**GENEMAX CORP.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
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**NOTE 7 – CAPITAL STOCK (cont'd)**

During 2004 the Company granted 100,000 stock options to the Company's new CFO at a price of $0.70 per share with 50% subject to immediate vesting and the remaining 50% vesting over time or subject to achieving certain financing milestones. These options were granted at a price less than the market price at the date of grant and, in accordance with APB 25, this intrinsic value of $5,000 will be expensed upon vesting of the options of which the entire amount has been expensed as at December 31, 2004. The additional fair value of these options at the date of grant of $67,000 was estimated using the Black-Scholes option pricing model with an expected life of five years, a risk-free interest rate of 3% and an expected volatility of 182%. This additional fair value has been disclosed in Note 2 on a pro-forma basis upon vesting of the options.

During 2004 the Company granted 550,000 stock options to an officer and directors of the Company and 25,000 stock options to a consultant at a price of $0.50 per share for a period of five years subject to immediate vesting. The fair value of the consultant options of $21,000 was expensed during the period and the fair value of the officer and director options of $241,000 has been disclosed in Note 2 on a pro-forma basis. The fair value of these options at the date of grant totalling $262,000 was estimated using the Black-Scholes option pricing model with an expected life of five years, a risk-free interest rate of 3% and an expected volatility of 185%.

Of the stock options granted to date, a total of 160,000 originally granted at prices ranging from $1.90 per share to $8.50 per share have been repriced to $1.00 per share and as a result, are subject to variable accounting in accordance with the provisions of the FASB No. 44, Accounting for Certain Transactions Involving Stock Compensation – An Interpretation of APB Opinion No. 25 ("FIN 44"). No adjustment was required during 2004 relating the variable accounting for these incentive stock options.

The Company's stock option activity is as follows:

| | Number of options | Weighted Average Exercise Price | Weighted Average Remaining Life |
|---|---|---|---|
| Balance, December 31, 2002 | 3,168,000 | $ 0.86 | 2.27 years |
| Granted during the year | 4,325,000 | 0.59 | |
| Forfeited during the year | (420,000) | 1.00 | |
| Exercised during the year | (2,318,630) | 0.61 | |
| Balance, December 31, 2003 | 4,754,370 | 0.74 | 5.55 years |
| Granted during the year | 675,000 | 0.53 | |
| Forfeited during the year | (295,000) | 0.96 | |
| Exercised during the year | (357,270) | 0.57 | |
| Balance, December 31, 2004 | 4,777,100 | $ 0.71 | 4.59 years |

**Share Purchase Warrants**

The Company's share purchase warrant activity is as follows:

| | Number of warrants | Weighted Average Exercise Price | Weighted Average Remaining Life |
|---|---|---|---|
| Balance, December 31, 2002 | 846,860 | $ 1.95 | 2.71 years |
| Issued during the year | 299,175 | 1.93 | |
| Exercised during the year | — | — | |
| Expired during the year | (69,500) | 2.82 | |
| Balance, December 31, 2003 | 1,076,535 | 1.89 | 1.53 years |
| Issued during the year | 1,398,810 | 0.68 | |
| Exercised during the year | — | — | |
| Expired during the year | (492,375) | 3.04 | |
| Balance, December 31, 2004 | 1,982,970 | $ 1.16 | 1.35 years |

**GENEMAX CORP.**
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## NOTE 8 - INCOME TAXES

There were no temporary differences between the Company's tax and financial bases that result in deferred tax assets, except for the Company's net operating loss carryforwards amounting to approximately $8,900,000 at December 31, 2004 (2003 — $6,400,000) which may be available to reduce future year's taxable income. These carryforwards will expire, if not utilized, commencing in 2008. Management believes that the realization of the benefits from these deferred tax assets appears uncertain due to the Company's limited operating history and continuing losses. Accordingly a full, deferred tax asset valuation allowance has been provided and no deferred tax asset benefit has been recorded.

## NOTE 9 – LEGAL SETTLEMENT

The Company has requested that its former transfer agent, X-Clearing Corp. ("X-Clearing"), deliver company documents to a new transfer agent. X-Clearing has claimed a security lien on company documents. Following filing of a complaint by the Company, a preliminary court hearing was held in Denver CO on September 22, 2004, following which both sides agreed to attempt a voluntary mediation process. A resolution was not achieved in the mediation process and the Company reinstituted court action to retrieve its records. The preliminary hearing court determination indicated that by providing proper notice of termination and posting of a bond in the amount of $250,000, it would likely cause X-Clearing to transfer the records of the Company to a new transfer agent. The Company has settled its lawsuit against X-Clearing as set forth at a hearing held March 18, 2005. As part of the settlement, the Company agreed to pay X-Clearing a total of $200,000 which has been accrued as at December 31, 2004. The amount is payable in two equal instalments the first of which is due upon the ability of the new transfer agent to act for the Company and the second of which is payable upon X-Clearing meeting certain conditions as outlined in the settlement.

## NOTE 10 – SUBSEQUENT EVENTS

The Company completed a financing of 9,068,301 units at a price of $0.15 per unit for gross proceeds of $1,360,245. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire an additional common share of the Company for a period of two years at a price of $0.15 before the earlier of four months from the issue date of the warrant and the date the Company completes an additional financing of not less than $2,000,000, $0.30 for the balance of the first year and thereafter at $0.50. Finders' fees comprised of 8% cash and 5% finders warrants were paid to certain registered dealer brokers in respect of certain of the placees. The Company paid a total of $97,620 in finder's fees and issued a total of 406,748 finder's warrants.

The Company amended the terms of the convertible notes payable to extend the maturity to April 28, 2006, reduce the conversion price from $0.60 to $0.30 and to reduce the warrant exercise price from $0.66 to $0.30 for the period to December 31, 2005 and to $0.50 for the remainer of the original warrant term. In addition the term of the warrants will be extended for a period of greater than the original two years up to a maximum of ten years dependent on the Company obtaining certain listing status as per the amending agreement.

The Company's COO was appointed President, CEO and a director effective February 8, 2005. The Company and the CEO entered into a management agreement for a term ending December 31, 2007 at an amount of CAN$170,000 for the first year and for amounts to be determined by the Company's compensation committee thereafter. In addition, the CEO agreed to settle all amounts due from the Company totalling $80,890 for a cash payment of CAN$24,267. The Company has also agreed to issue to the CEO 500,000 shares of the Company's common stock at an agreed price of CAN$0.15 per share and a further 1,400,000 options at a price to be determined.

The Company entered into a new consulting agreement with Dr. Jefferies for a term ending December 31, 2007 at an amount of CAN$10,700 per month. The Company has also agreed to grant to Dr. Jefferies options to acquire 2,500,000 shares of the Company's common stock at a price to be determined. In addition, Dr. Jefferies agreed to settle all amounts due from the Company totalling $113,025 in exchange for 452,100 shares of the Company's common stock.

The Company entered into a new month to month consulting agreement with the Company's former President and CEO at an amount of CAN$8,916 per month. In addition, the former CEO agreed to settle all amounts due from the Company totalling $107,000 for a cash payment of CAN$32,100. The Company has also agreed to grant to the former CEO options to acquire 400,000 shares of the Company's common stock at a price to be determined.

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**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENEMAX CORP.
(Registrant)

Date: April 15, 2005

By: *"Konstantine Sarafis"*
Konstantine Sarafis, President and Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: April 15, 2005

*"Konstantine Sarafis"*
Konstantine Sarafis, President and Chief Executive Officer

Date: April 15, 2005

*"Edward Farrauto"*
Edward Farrauto, Chief Financial Officer/Treasurer

Date: April 15, 2005

*"Dr. Wilfred Jefferies"*
Dr. Wilfred Jefferies, Director

Date: April 15, 2005

*"Dr. Terry W. Pearson"*
Dr. Terry W. Pearson, Director

Date: April 15, 2005

*"Dr. Glynn Wilson"*
Dr. Glynn Wilson, Director

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## INDEX TO EXHIBITS

| | |
|---|---|
| 3.1 (i) | Amended and Restated Articles of Incorporation of the company dated May 19, 1999 filed as Exhibit 2.1 to the company's Form 10-SB filed September 3, 1999 and incorporated herein by reference. |
| 3.1 (ii) | Amended and Restated Bylaws of the company dated May 10, 2004 filed as Exhibit 3.1 to the company's Form 10-QSB filed May 20, 2004 and incorporated herein by reference. |
| 10.1 | Option Agreement made September 14, 1999 between GeneMax Pharmaceuticals Inc. and The University of British Columbia. |
| 10.2 | License Agreement made March 6, 2000 between GeneMax Pharmaceuticals Inc., The University of British Columbia and Dr. Wilfred Jefferies. |
| 10.3 | Collaborative Research Agreement made September 1, 2000 between GeneMax Pharmaceuticals Canada Inc., GeneMax Pharmaceuticals Inc. and the University of British Columbia. |
| 10.4 | Non-Disclosure Agreement made October 3, 2002 between GeneMax Pharmaceuticals Inc. and The University of British Columbia. |
| 10.5 | Production Services Agreement made March 18, 2003 between the company and Molecular Medicine BioServices Inc. |
| 10.6 | Biological Materials Transfer Agreement made October 21, 2003 between the company and National Institutes of Health. |
| 10.7 | Revised Stock Option Plan dated December 16, 2003 filed as Exhibit 99.1 to the company's Form S-8 filed January 29, 2004 and incorporated herein by reference. |
| 21 | List of Subsidiaries. |
| 23.1 | Consent of Independent Registered Public Accounting Firm. |

| | |
|---|---|
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 32.1 | Certification of Chief Executive Officer under Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act. |
| 32.2 | Certification of Chief Financial Officer under Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act. |

Exhibit 10.1

**OPTION AGREEMENT**

BETWEEN:

**The University of British Columbia**, a corporation continued under the University Act of British Columbia and having offices at IRC 331-2194 Health Sciences Mall, in the City of Vancouver, in the Province of British Columbia, V6T 1Z3

(the ***"University"***)

AND:

**Genemax Pharmaceuticals Inc.,** a corporation incorporated under the laws of the State of Delaware and having a business office at 1260 - 999 West Hastings Street, Vancouver, BC V6C 2W2

(the ***"Optionee")***

WHEREAS:

A. The University has been engaged in research during the course of which it has invented, developed and/or acquired certain technology relating to Methods of Enhancing Expression of MHC-Class 1 Molecules Bearing Endogenous Peptides, and Methods of Identifying MHC-Class 1 Restricted Antigens Endogenously Processed by a Cellular Secretory Pathway, which research was undertaken by Dr. Wilfred Jefferies and his research group in the Biotechnology Laboratory at the University;

B. The Optionee is desirous of the University granting an exclusive world-wide license to the Optionee to use or cause to be used the Technology to manufacture, distribute, market, sell and/or license or sublicense products derived or developed from such Technology and to sell the same to the general public during the term of said license Agreement; and

C. The University is prepared to grant the Optionee an option to obtain the license with respect to the Technology on the terms and conditions set out hereafter.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants herein set forth, the parties hereto have covenanted and agreed as follows:

**1.0 DEFINITIONS:**

1.1 In this Agreement, unless a contrary intention appears, the following words and

phrases shall mean:

(a) "Confidential Information": any part of the Information which is designated by the University as confidential, whether orally or in writing but excluding any part of the Information:

(i) possessed by the Optionee prior to receipt from the University, other than through prior disclosure by the University, as evidenced by the Optionee's business records;

(ii) published or available to the general public otherwise than through a breach of this Agreement;

(iii) obtained by the Optionee from a third party with a valid right to disclose it, provided that said third party is not under a confidentiality obligation to the University; or

(iv) independently developed by employees, agents or consultants of the Optionee who had no knowledge of or access to the University's Information as evidenced by the Optionee's business records;

(b) "Date of Commencement" or "Commencement Date": the 7th day of September, 1999;

(c) "Effective Date of Termination": the date on which this Agreement is terminated pursuant to Article 13;

(d) "Information": any and all Technology, the terms and conditions of this Agreement, and any and all oral, written, electronic or other communications and other information disclosed or provided by the parties including any and all analyses or conclusions drawn or derived therefrom regarding this Agreement and information developed or disclosed hereunder, or any party's raw materials, processes, formulations, analytical procedures, methodologies, products, samples and specimens or functions;

(e) "Option Period": one hundred and eighty days from the Date of Commencement unless this Agreement is terminated early pursuant to Article 13, in which case it shall be until the Effective Date of Termination;

(f) "Researchers": Wilfred Jefferies, Gregor Reid, Gabathuler Reinhard, Gerassimos Kolaitis and Judy Alimonti; and

(g) "Technology": any and all knowledge, know-how and/or technique or techniques invented, developed and/or acquired, being invented, developed and/or acquired prior to the Date of Commencement by the University relating to the technology described in Appendix "A" hereto, as amended from time to time, including, without limitation, all research, data, specifications, instructions, manuals, papers or other materials of any nature whatsoever, whether written or otherwise, relating to the same.

**2.0 PROPERTY RIGHTS IN AND TO THE TECHNOLOGY:**

2.1 The parties hereto hereby acknowledge and agree that the University owns any and all right, title and interest in and to the Technology.

**3.0 GRANT OF OPTION:**

3.1 Subject to the following conditions being met:

(a) that all the Researchers will have waived their rights to receive compensation from the University and will receive compensation directly from the Optionee, and that the following Researchers receive compensation as follows:

Shares in Optionee:

Gerassimos Kolaitis - 100,000 common shares without par value

Gregor Reid - 50,000 common shares without par value

Judy Alimonti - 50,000 common shares without par value

(b) disclosure to the University of the equity compensation by the Optionee to Wilf Jefferies and Gabathuler Reinhard; and

(c) prior to the exercise of the Option the Researchers execute the Waiver of Rights document attached as Appendix "C";

the University hereby grants to the Optionee an option (the "Option") to obtain the exclusive, world-wide license to use and sublicense the Technology and to manufacture, distribute and sell products based on the Technology on the terms and conditions of the licence agreement attached as Appendix "B" (the "License Agreement"). The Option shall subsist for the duration of the Option Period.

3.2 During the Option Period the University shall not grant rights in or to the Technology to any other party and shall not commercially exploit the Technology either itself or through any agents or representatives.

3.3 The Option granted herein is personal to the Optionee and is not granted to any Affiliate as that term is defined in section 1(1) of the Company Act, RSBC 1996, Chapter 62.

3.4 Notwithstanding paragraph 3.2 herein, the parties acknowledge and agree that the University may use the Technology without charge in any manner whatsoever for research, scholarly publication, educational, or other non-commercial uses.

**4.0 OPTIONEE'S ACTIVITIES:**

4.1 During the Option Period the Optionee shall use reasonable commercial efforts to raise equity funding in an amount not less than $1,000,000.00 (Canadian) and investigate the Technology and the market potential of the Technology. The Optionee shall keep the University informed of its plans to commercialize and exploit the Technology and will inform the University at the earliest possible date if the Optionee decides not to exercise the Option granted herein.

**5.0 EXERCISE OF OPTION:**

5.1 In order to exercise the Option the Optionee shall execute the Licence Agreement attached as Appendix "B" and carry out all obligations due on execution of the Licence Agreement.

5.2 In the event that the Optionee does not exercise the Option pursuant to paragraph

5.1 on or before the last day of the Option Period, the parties acknowledge and agree that the Optionee shall have no further right, title or interest in or to the Technology and that the University may deal with the Technology in any way without further obligation to the Optionee.

5.3 It shall be a condition of the Optionee exercising the Option that it shall have completed the equity financing as set out in paragraph 4.1.

**6.0 DISCLAIMER OF WARRANTY:**

6.1 The University makes no representations, conditions or warranties, either express or implied, with respect to the Technology. Without limiting the generality of the foregoing, the University specifically disclaims any implied warranty, condition or representation that the Technology:

(a) shall correspond with a particular description;

(b) is of merchantable quality;

(c) is fit for a particular purpose; or

(d) is durable for a reasonable period of time.

6.2 The University shall not be liable for any loss, whether direct, consequential, incidental or special, which the Optionee suffers arising from any defect, error, fault or failure to perform with respect to the Technology, even if the University has been advised of the

possibility of such defect, error, fault or failure. The Optionee acknowledges that it has been advised by the University to undertake its own due diligence with respect to the Technology.

6.3 Nothing in this Agreement shall be construed as:

(a) a warranty or representation by the University as to title to the Technology or that anything made, used, sold or otherwise disposed of under any license resulting from the Option granted in this Agreement is or will be free from infringement of patents, copyrights, trade-marks, industrial design or other intellectual property rights; or

(b) an obligation by the University to bring or prosecute or defend actions or suits against third parties for infringement of patents, copyrights, trade-marks, industrial designs or other intellectual property or contractual rights with respect to the Technology.

**7.0 INDEMNITY AND LIMITATION OF LIABILITY:**

7.1 The Optionee hereby indemnifies, holds harmless and defends the University, its Board of Governors, officers, employees, faculty, students, invitees and agents against any and all claims (including all legal fees and disbursements incurred in association therewith) arising out of the exercise of any rights under this Agreement including, without limiting the generality of the foregoing, against any damages or losses, consequential or otherwise, arising from or out of the Option granted herein howsoever the same may arise.

7.2 Subject to paragraph 7.3, the University's total liability, whether under the express or implied terms of this Agreement, in tort (including negligence), or at common law, for any loss or damage suffered by the Optionee, whether direct, indirect, special, or any other similar or like damage that may arise or does arise from any breaches of this Agreement by the University, its Board of Governors, officers, employees, faculty, students or agents, shall be limited to the sum of $5,000.00 (Canadian).

7.3 In no event shall the University be liable for consequential or incidental damages arising from any breach or breaches of this Agreement.

7.4 No action, whether in contract or tort (including negligence), or otherwise arising out of or in connection with this Agreement, may be brought by the Optionee more than six months after the cause of action has occurred.

**8.0 CONFIDENTIALITY:**

8.1 The Information shall be developed, received, and used by the Optionee solely in furtherance of the purposes set forth in this Agreement subject to the terms and conditions set forth in this Article 8.0.

8.2 The Optionee shall keep and use all of the Confidential Information in confidence and shall not, without the University's prior written consent, disclose any Confidential Information to any person or entity, except those of the Optionee's officers, employees, professional advisors, consultants, servants, agents and assigns who require said Confidential Information in performing their obligations under this Agreement or in connection with services provided to the Optionee in conjunction with this Agreement. The Optionee covenants and agrees that it will initiate and maintain an appropriate internal program limiting the internal distribution of the Confidential Information to its officers, employees, professional advisors, consultants, servants or agents and to take the appropriate non-disclosure agreements from any and all persons who may have access to the Confidential Information.

8.3 The Optionee shall not use, either directly or indirectly, any Confidential Information for any purpose other than as set forth herein without the University's prior written consent, such consent not to be unreasonably withheld.

8.4 In the event that the Optionee is required by judicial or administrative process to disclose any or all of the Confidential Information, the Optionee shall promptly notify the University and allow the University reasonable time to oppose such process before disclosing any Confidential Information.

8.5 Notwithstanding any termination or expiration of this Agreement, the obligations created in this Article 8.0 shall survive and be binding upon the Optionee, its successors and assigns.

8.6 The Optionee requires of the University, and the University agrees insofar as it may be permitted to do so at law, that this Agreement, and each part of it, is confidential and shall not be disclosed to third parties, as the Optionee claims that such disclosure would or could reveal commercial, scientific or technical information and would significantly harm the Optionee's competitive position and/or interfere with the Optionee's negotiations with prospective sublicensees. Notwithstanding anything contained in this Article, the parties hereto acknowledge and agree that the University may identify the title of this Agreement, the parties to this Agreement, the inventors of the Technology, the term of this Agreement and the consideration granted to the University pursuant to this Agreement.

**9.0 ASSIGNMENT:**

9.1 The Optionee shall not assign, transfer, mortgage, charge, pledge, hypothecate or otherwise dispose of any or all of the rights, duties or obligations granted to it under this Agreement without the prior written consent of the University.

9.2 The University shall have the right to assign its rights, duties and obligations under this Agreement to a company or society of which it is the sole shareholder in the case of a company or of which it controls the membership, in the case of a society. In the event of such an assignment the Optionee will release, remise and forever discharge the University from any and all obligations or covenants, provided however that such company or society, as the case may

be, executes a written agreement which provides that such company or society shall assume all such obligations or covenants from the University and that the Optionee shall retain all rights granted to the Optionee pursuant to this Agreement.

**10.0 GOVERNING LAW AND ARBITRATION:**

10.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada in force therein without regard to its conflict of law rules. All parties agree that by executing this Agreement they have attorned to the jurisdiction of the Supreme Court of British Columbia. Subject to paragraphs 10.2 and 10.3, the British Columbia Supreme Court shall have exclusive jurisdiction over this Agreement.

10.2 In the event of any dispute arising between the parties concerning this Agreement, its enforceability or the interpretation thereof, the same shall be settled by a single arbitrator appointed pursuant to the provisions of the Commercial Arbitration Act of British Columbia, or any successor legislation then in force. The place of arbitration shall be Vancouver, British Columbia. The language to be used in the arbitration proceedings shall be English.

10.3 Clause 10.2 of this Article shall not prevent a party hereto from applying to a court of competent jurisdiction for interim protection such as, by way of example, an interim injunction.

**11.0 NOTICES:**

11.1 All payments, reports and notices or other documents that any of the parties hereto are required or may desire to deliver to any other party hereto may be delivered only by personal delivery or by registered or certified mail, telex or telecopy, all postage and other charges prepaid, at the address for such party first set forth above or at such other address as any party may hereinafter designate in writing to the other party. Any notice personally delivered or sent by telex or telecopy shall be deemed to have been given or received at the time of delivery, telexing or telecopying. Any notice mailed as aforesaid shall be deemed to have been received on the expiration of five calendar days after it is posted, provided that if there shall be at the time of mailing or between the time of mailing and the actual receipt of the notice a mail strike, slow down or labour dispute which might affect the delivery of the notice by the mails, then the notice shall only be effected if actually received.

**12.0 TERM:**

12.1 This Agreement will be deemed to have come into force on the Date of Commencement. This Agreement and the Option granted hereunder shall remain in effect for the duration of the Option Period and shall terminate upon the conclusion of the Option Period subject to earlier termination pursuant to Article 13 herein.

**13.0 TERMINATION:**

13.1 This Agreement shall automatically and immediately terminate without notice to the Optionee if any proceeding under the Bankruptcy and Insolvency Act of Canada, or any other statute of similar purport, is commenced by or against the Optionee.

13.2 The University may, at its option, terminate this Agreement immediately on the happening of any one or more of the following events by delivering notice in writing to that effect to the Optionee:

(a) if the Optionee becomes insolvent;

(b) if any execution, sequestration or any other process of any court becomes enforceable against the Optionee or if any such process is levied on the rights under this Agreement or upon any of the monies due to the University and is not released or satisfied by the Optionee within 30 calendar days thereafter;

(c) if any resolution is passed or order made or other steps taken for the winding up, liquidation or other termination of the existence of the Optionee;

(d) if the Optionee ceases or threatens to cease to carry on its business;

(e) if any part of the Optionee's business relating to this Agreement is transferred to a subsidiary or associated company without the prior written consent of the University, such consent not to be unreasonably withheld except as provided in paragraph 13.3.

13.3 The University shall not withhold its consent pursuant to subparagraph 13.2(e) unless the granting of such consent would result in the University having a contractual relationship with an entity with whom the University is prohibited from contracting with pursuant to its then existing published policies.

13.4 Other than as set out in paragraphs 13.1 and 13.2, if either party shall be in default under or shall fail to comply with the terms of this Agreement then the non-defaulting party shall have the right to terminate this Agreement by written notice to that effect if:

(a) such default is reasonably curable within 30 calendar days after receipt of notice of such default and such default or failure to comply is not cured within 30 calendar days after receipt of written notice thereof; or

(b) such default is not reasonably curable within 30 calendar days after receipt of written notice thereof, and such default or failure to comply is not cured within

such further reasonable period of time as may be necessary for the curing of such default or failure to comply.

13.5 The Optionee may terminate this Agreement and the Option granted herein at any time during the Option Period by providing written notice to the University.

**14.0 MISCELLANEOUS COVENANTS OF LICENSEE:**

14.1 The Optionee hereby represents and warrants to the University that the Optionee is a corporation duly organized, existing, and in good standing under the laws of the State of Delaware and has the power, authority, and capacity to enter into this Agreement and to carry out the transactions contemplated by this Agreement, all of which have been duly and validly authorized by all requisite corporate proceedings.

14.2 The Optionee represents and warrants that it will, upon its decision to execute the License Agreement, have the expertise necessary to handle the Technology with care and without danger to the Optionee, its employees, agents, or the public. The Optionee shall not accept delivery of the Technology until it has requested and received from the University all necessary information and advice to ensure that it is capable of handling the Technology in a safe and prudent manner.

14.3 The Optionee shall comply with all laws, regulations and ordinances, whether Federal, Provincial, Municipal or otherwise, with respect to the Technology and/or this Agreement.

**15.0 GENERAL:**

15.1 Nothing contained herein shall be deemed or construed to create between the parties hereto a partnership or joint venture. No party shall have the authority to act on behalf of any other party, or to commit any other party in any manner or cause whatsoever or to use any other party’s name in any way not specifically authorized by this Agreement. No party shall be liable for any act, omission, representation, obligation or debt of any other party, even if informed of such act, omission, representation, obligation or debt.

15.2 Subject to the limitations hereinbefore expressed, this Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

15.3 No condoning, excusing or overlooking by any party of any default, breach or non-observance by any other party at any time or times in respect of any covenants, provisos or conditions of this Agreement shall operate as a waiver of such party’s rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance, so as to defeat in any way the rights of such party in respect of any such continuing or subsequent default or breach and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing.

15.4 No exercise of a specific right or remedy by any party precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

15.5 Marginal headings as used in this Agreement are for the convenience of reference only and do not form a part of this Agreement and are not to be used in the interpretation hereof.

15.6 The terms and provisions, covenants and conditions contained in this Agreement which by the terms hereof require their performance by the parties hereto after the expiration or termination of this Agreement shall be and remain in force notwithstanding such expiration or other termination of this Agreement or any provision thereof for any reason whatsoever.

15.7 In the event that any Article, section, clause, paragraph or subparagraph of this Agreement shall be held to be indefinite, invalid, illegal or otherwise voidable or unenforceable, the entire agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

15.8 The parties hereto each acknowledges that they have not relied upon any advice or from the other with respect to this Agreement and that they have sought and obtained independent legal with respect to same.

15.9 The appendices to this Agreement together with the terms and conditions contained within this Agreement constitute the entire understanding between the parties hereto and no modifications hereof shall be binding unless executed in writing by the parties hereto. The appendices will be binding upon the parties hereto except to the extent that they may conflict with the terms and conditions contained within this Agreement itself, in which case the terms and conditions of this Agreement shall govern.

15.10 Time shall be of the essence of this Agreement.

15.11 Whenever the singular or masculine or neuter is used throughout this Agreement the same shall be construed as meaning the plural or feminine or body corporate when the context or the parties hereto may require.

IN WITNESS WHEREOF the parties hereto have hereunto executed this Agreement on or about the 14 day of September 1999 but effective as of the Date of Commencement.

| | |
|---|---|
| Signed for and on behalf of<br>**THE UNIVERSITY OF BRITISH COLUMBIA**<br>by its duly authorized officers: | |
| /s/ Angus Livingstone | Managing Director<br>University- Industry Liaison Office |
| Authorized Signatory | |
| Authorized Signatory | |
| Signed for and on behalf of the<br>**GENEMAX PHARMACEUTICALS INC.**<br>by its duly authorized officer: | |
| /s/ Ronald L. Handford | |
| Authorized Signatory | |

**APPENDIX "A"**

**Description of "Technology"**

UILO 95-015 Method of Enhancing Expression of MHC-Class 1 Molecules Bearing Endogenous Peptides and any and all improvements, variations, updates, modifications, and enhancements thereto, and

UILO 95-010 Method of Identifying MHC-Class 1 Restricted Antigens Endogenously Processed by a Cellular Secretory Pathway and any and all improvements, variations, updates, modifications, and enhancements thereto

Including the following patents

UILO 95-015
US SN 08/817,731 (Application)
Japan SN 510486/1996 (Application)
Europe Designating: France, UK, Germany, Switzerland
SN 95931866.8 (Application)

UILO 95-010
US 5,792,604 (Issued)
Japan SN 532142/1997 (Application)
Europe, Designating all countries: EP 97906062.1 (Application)

Exhibit 10.2

**LICENCE AGREEMENT**

BETWEEN:

**The University Of British Columbia,** a corporation continued under the University Act of British Columbia and having its administrative offices at 2075 Wesbrook Mall, in the City of Vancouver, in the Province of British Columbia, V6T 1W5

(the ***"University")***

AND:

**Genemax Pharmaceuticals Inc.,** a corporation incorporated under the laws of the State of Delaware and having a business office at 1260 – 999 West Hastings Street, Vancouver, BC V6C 2W2

(the ***"Licensee")***

AND:

**Dr. Wilfred A. Jefferies,** Professor, with an office at 2222 Health Sciences Mall, Vancouver, BC V6T 1Z3

***("Jefferies")***

WHEREAS:

A. The University has been engaged in research during the course of which it has invented, developed and/or acquired certain technology relating to Methods of Enhancing Expression of MHC-Class 1 Molecules Bearing Endogenous Peptides, and Methods of Identifying MHC-Class 1 Restricted Antigens Endogenously Processed by a Cellular Secretory Pathway, which research was undertaken by Dr. Wilfred Jefferies and his research group in the Biotechnology Laboratory at the University;

B. The University is desirous of entering into this agreement (the "Agreement") with the objective of furthering society's use of its advanced technology, and to generate further research in a manner consistent with its status as a non-profit, tax exempt educational institution; and

C. The Licensee is desirous of the University granting an exclusive world-wide licence to the Licensee to use or cause to be used the Technology to manufacture, distribute, market, sell, lease and/or license or sublicense products derived or developed from such technology and to sell the same to the general public during the term of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants herein set forth, the parties hereto have covenanted and agreed as follows:

1.0 DEFINITIONS:

1.1 In this Agreement, unless a contrary intention appears, the following words and phrases shall mean:

(a) "Accounting": an accounting statement setting out in detail how the amount of Revenue was determined;

(b) "Affiliated Company" or "Affiliated Companies": two or more corporations where the relationship between them is one in which one of them is a subsidiary of the other, or both are subsidiaries of the same corporation, or fifty percent (50%) or more of the voting shares of each of them is owned or controlled beneficially by the same person, corporation or other legal entity;

(c) "Confidential Information": any part of the Information which is designated by the University as confidential, whether orally or in writing but excluding any part of the Information:

(i) possessed by the Licensee prior to receipt from the University, other than through prior disclosure by the University, as evidenced by the Licensee's business records;

(ii) published or available to the general public otherwise than through a breach of this Agreement;

(iii) obtained by the Licensee from a third party with a valid right to disclose it, provided that said third party is not under a confidentiality obligation to the University; or

(iv) independently developed by employees, agents or consultants of the Licensee who had no knowledge of or access to the University's Information as evidenced by the Licensee's business records;

(d) "Date of Commencement" or "Commencement Date": this Agreement will be deemed to have come into force on the Date of Commencement which shall be the 6 day of March, 2000, and shall be read and construed accordingly;

(e) "Effective Date of Termination": the date on which this Agreement is terminated pursuant to Article 18;

(f) "Improvements": any and all improvements, variations, updates, modifications, enhancements and alterations directly related to the Technology which are invented,

developed and/or acquired after the Date of Commencement by the University or the Licensee, their employees, servants, agents, sublicensees or subcontractors, whether patentable or not, which:

(1) if patentable, which claim priority from any of the patents or patent applications which comprise the Technology and cannot be used or practised without a license of the Technology; or

(2) if not patentable, which relate directly to the Technology;

(7) "Information": any and all Technology and any and all Improvements, the terms and conditions of this Agreement and any and all oral, written, electronic or other communications and other information disclosed or provided by the parties including any and all analyses or conclusions drawn or derived therefrom regarding this Agreement and information developed or disclosed hereunder, or any party's raw materials, processes, formulations, analytical procedures, methodologies, products, samples and specimens or functions;

(8) "Product(s)": goods manufactured in connection with the use of all or some of the Technology and/or any Improvement;

(9) "Technology": any and all knowledge, know-how and/or technique or techniques invented, developed and/or acquired, prior to the Date of Commencement by the University or the Licensee relating to the technology described in Schedule "A" hereto, as amended from time to time, including, without limitation, all research, data, specifications, instructions, manuals, papers or other materials of any nature whatsoever, whether written or otherwise, relating to same; and

(10) "UBC Trade-marks": any mark, trade-mark, service mark, logo, insignia, seal, design, symbol, or device used by the University in any manner whatsoever.

2.0 PROPERTY RIGHTS IN AND TO THE TECHNOLOGY:

2.1 The parties hereto hereby acknowledge and agree that the University owns any and all right, title and interest in and to the Technology, as well as any and all Improvements.

2.2 The Licensee shall, at the request of the University, enter into such further agreements and execute any and all documents as may be required to ensure that ownership of the Technology and any Improvements remains with the University.

2.3 On the last working day of June of each and every year during which this Agreement remains in full force and effect the Licensee shall deliver in writing the details of any and all Improvements which the Licensee and any sublicensees of the Licensee have developed and/or acquired during the previous twelve month period.

3.0 GRANT OF LICENCE:

3.1 In consideration herein, and the covenants on the part of the Licensee contained herein, the University hereby grants to the Licensee an exclusive world-wide licence to use and sublicense the Technology and any Improvements and to manufacture, distribute and sell Products on the terms and conditions hereinafter set forth during the term of this Agreement.

3.2 The licence granted herein is personal to the Licensee and is not granted to any Affiliated Company or Affiliated Companies.

3.3 The Licensee shall not cross-license the Technology or any Improvements without the prior written consent of the University.

3.4 Notwithstanding paragraph 3.1 herein, the parties acknowledge and agree that the University may use the Technology and any Improvements without charge in any manner whatsoever for research, scholarly publication, educational or other non-commercial uses.

3.5 As part of the consideration for the rights granted by the University to the Licensee hereunder, the Licensee agrees to pay to the University as an initial licence fee the sum of $ 113,627.32 (Canadian funds). The said sum shall be paid concurrently with the execution of this Agreement. Neither all nor any portion of the said sum shall be refundable to the Licensee under any circumstances. This sum is equal to all patent costs paid by the University in connection with the Technology up to February 7th 2000.

3.6 Upon execution of this Agreement the University may register a financing statement with respect to this Agreement under the provisions of the Personal Property Security Act of British Columbia and/or under the provisions of similar legislation in those jurisdictions in which the Licensee carries on business and/or has its chief place of business. All costs associated with the registrations contemplated by this paragraph 3.6 shall be paid for by the Licensee.

3.7 The Licensee shall give written notice to the University if it is carrying on business and/or locates its chief place of business in a jurisdiction outside British Columbia prior to beginning business in that other jurisdiction.

3.8 If the University has registered one or more financing statements as set forth in paragraph 3.6, the Licensee shall give written notice to the University of any and all changes of jurisdiction within or outside of Canada in which it is carrying on business and/or any and all changes in jurisdiction of its chief place of business within or outside of Canada and shall file the appropriate documents in the various provincial Personal Property Registries or similar registries within or outside of Canada to document such changes in jurisdiction and furnish the University with a copy of the verification with respect to each such filing within 15 calendar days after receipt of same. All costs associated with the registrations contemplated by this paragraph 3.8 shall be paid for by the Licensee.

4.0 EQUITY:

4.1 On or before the date of execution of this Agreement the Licensee shall issue to the University 500,000 common shares (the “Shares”) of the Licensee’s share capital. The Shares shall be free from any pooling or escrow requirements and hold periods save and except as required by applicable securities laws. The Licensee shall provide to the University concurrently with the issuance of the Shares:

(a) a written assurance that all applicable securities laws have been complied with in connection with the issuance of the Shares; and

(b) confirmation that the Shares represent 500,000 of the 8,100,000 founders’ common shares in the capital of the Licensee which are to be issued and outstanding in the share capital of the Licensee prior to the Licensee’s issuance of any further common shares pursuant to any private and/or public equity financing undertaken by the Licensee.

**5.0 SUBLICENSING:**

5.1 The Licensee shall have the right to grant sublicences to Affiliated Companies and other third parties with respect to the Technology and any Improvements with the prior written consent of the University, such consent not to be unreasonably withheld. The Licensee will furnish the University with a copy of each sublicence granted within 30 days after execution.

5.2 Any sublicence granted by the Licensee shall be personal to the sublicensee and shall not be assignable without the prior written consent of the University. Such sublicences shall contain covenants by the sublicensee to observe and perform similar terms and conditions to those contained in this Agreement.

5.3 Prior to the beginning of a sublicence agreement the Licensee shall give written notice to the University as to which jurisdictions the applicable sublicensee is carrying on business in. Within five calendar days of being aware of the same the Licensee shall provide written notice to the University if any sublicensee is carrying on business in a jurisdiction outside of British Columbia.

5.4 If the University has registered one or more financing statements as set forth in paragraph 3.6, the Licensee shall register a financing change statement under the provisions of the Personal Property Security Act of British Columbia and/or under the provisions of similar legislation in those jurisdictions in which each sublicensee carries on business or has its chief place of business in order to add each sublicensee as an additional debtor to the registration referred to in paragraph 3.6 forthwith upon execution of each sublicence, and shall furnish the University with a copy of the verification statement with respect to each such filing within 15 calendar days after receipt of same. All costs associated with the filings contemplated by this paragraph 5.0 shall be paid for by the Licensee. The Licensee shall give written notice to the University of any and all changes of jurisdiction within or outside of Canada in which each sublicensee is carrying on business and/or any and all changes in jurisdiction of each sublicensee’s chief place of business and shall file the

appropriate documents in the various provincial Personal Property Registries or similar registries within or outside of Canada to document such changes in jurisdiction.

6.0 PATENTS:

6.1 The Licensee shall have the right to identify any process, use or products arising out of the Technology and any Improvements that may be patentable and the University shall, upon the request of the Licensee, take all reasonable steps to apply for a patent in the name of the University provided that the Licensee pays all costs of applying for, registering and maintaining the patent in those jurisdictions in which the Licensee might designate that a patent is required.

6.2 In the event of the issuance of a patent, the Licensee shall have the right to become, and shall become the Licensee of the same, all pursuant to the terms contained herein.

6.3 Within 30 calendar days of presentation of receipts and/or invoices by the University to the Licensee, the Licensee will reimburse the University for all costs incurred with respect to any and all patents relating to the Technology and any Improvements licensed hereunder, and with respect to any and all maintenance fees for any and all patents relating to the Technology and any Improvements licensed hereunder.

6.4 The Licensee will reimburse the University for any patent costs for the Technology incurred after February 7th 2000. The University will invoice patent costs to the Licensee on a quarterly basis commencing on the first quarter following the Date of Commencement.

7.0 DISCLAIMER OF WARRANTY:

7.1 The University makes no representations, conditions or warranties, either express or implied, with respect to the Technology or any Improvements or the Products. Without limiting the generality of the foregoing, the University specifically disclaims any implied warranty, condition or representation that the Technology or any Improvements or the Products:

(1) shall correspond with a particular description;

(2) are of merchantable quality;

(3) are fit for a particular purpose; or

(4) are durable for a reasonable period of time.

The University shall not be liable for any loss, whether direct, consequential, incidental, or special which the Licensee suffers arising from any defect, error, fault or failure to perform with respect to the Technology or any Improvements or Products, even if the University has been advised of the possibility of such defect, error, fault or failure. The Licensee acknowledges that it has been advised by the University to undertake its own due diligence with respect to the Technology and any Improvements.

7.2 Nothing in this Agreement shall be construed as:

(1) a warranty or representation by the University as to title to the Technology and/or any Improvement or that anything made, used, sold or otherwise disposed of under the licence granted in this Agreement is or will be free from infringement of patents, copyrights, trade-marks, industrial design or other intellectual property rights;

(2) an obligation by the University to bring or prosecute or defend actions or suits against third parties for infringement of patents, copyrights, trade-marks, industrial designs or other intellectual property or contractual rights; or

(3) the conferring by the University of the right to use in advertising or publicity the name of the University or the UBC Trademarks.

7.3 Notwithstanding paragraph 7.2, in the event of an alleged infringement of the Technology or any Improvements, or any right with respect to the Technology or any Improvements, the Licensee shall have, upon receiving the prior written consent of the University, the right to prosecute litigation designed to enjoin infringers of the Technology or any Improvements. Provided that it has first granted its prior written consent, the University agrees to co-operate to the extent of executing all necessary documents and to vest in the Licensee the right to institute any such suits, so long as all the direct or indirect costs and expenses of bringing and conducting any such litigation or settlement shall be borne by the Licensee and in such event all recoveries shall enure to the Licensee.

7.4 In the event that any complaint alleging infringement or violation of any patent or other proprietary rights is made against the Licensee or a sublicensee of the Licensee with respect to the use of the Technology or any Improvements or the manufacture, use or sale of the Products, the following procedure shall be adopted:

(1) the Licensee shall promptly notify the University upon receipt of any such complaint and shall keep the University fully informed of the actions and positions taken by the complainant and taken or proposed to be taken by the Licensee on behalf of itself or a sublicensee;

(2) except as provided in subparagraph 7.4(d), all costs and expenses incurred by the Licensee or any sublicensee of the Licensee in investigating, resisting, litigating and settling such a complaint, including the payment of any award of damages and/or costs to any third party, shall be paid by the Licensee or any sublicensee of the Licensee, as the case may be;

(3) no decision or action concerning or governing any final disposition of the complaint shall be taken without full consultation with and approval by the University, such approval not to be unreasonably withheld;

(4) the University may elect to participate formally in any litigation involving the complaint to the extent that the court may permit, but any additional expenses

generated by such formal participation shall be paid by the University (subject to the possibility of recovery of some or all of such additional expenses from the complainant); and

(5) notwithstanding paragraph 7.3, if the complainant is willing to accept an offer of settlement and one of the parties to this Agreement is willing to make or accept such offer and the other is not, then the unwilling party shall conduct all further proceedings at its own expense, and shall be responsible for the full amount of any damages, costs, accounting of profits and settlement costs in excess of those provided in such offer, but shall be entitled to retain unto itself the benefit of any litigated or settled result entailing a lower payment of costs, damages, accounting of profits and settlement costs than that provided in such offer.

8.0 INDEMNITY AND LIMITATION OF LIABILITY:

8.1 The Licensee hereby indemnifies, holds harmless and defends the University, its Board of Governors, officers, employees, faculty, students, invitees and agents against any and all claims (including all legal fees and disbursements incurred in association therewith) arising out of the exercise of any rights under this Agreement including, without limiting the generality of the foregoing, against any damages or losses, consequential or otherwise, arising from or out of the use of the Technology or any Improvements or Products licensed under this Agreement by the Licensee or its sublicensees or their respective customers or end-users howsoever the same may arise.

8.2 Subject to paragraph 8.3, the University's total liability, whether under the express or implied terms of this Agreement in tort (including negligence), or at common law, for any loss or damage suffered by the Licensee, whether direct, indirect or special, or any other similar or like damage that may arise or does arise from any breaches of this Agreement by the University, its Board of Governors, officers, employees, faculty, students or agents, shall be limited to the amount of $5,000.00 (Canadian).

8.3 In no event shall the University be liable for consequential or incidental damages arising from any breach or breaches of this Agreement.

8.4 No action, whether in contract or tort (including negligence), or otherwise arising out of or in connection with this Agreement, may be brought by the Licensee more than six months after the cause of action has occurred.

9.0 PUBLICATION AND CONFIDENTIALITY:

9.1 The Information shall be developed, received and used by the Licensee solely in furtherance of the purposes set forth in this Agreement subject to the terms and conditions as set forth in this Article 9.0.

9.2 The Licensee shall keep and use all of the Confidential Information in confidence and will not, without the University's prior written consent, disclose any Confidential Information to any person or entity, except those of the Licensee's officers, employees, professional adxisors,

consultants, servants, agents and assigns who require said Confidential Information in performing their obligations under this Agreement or in connection with services provided to the Licensee in conjunction with this Agreement. The Licensee covenants and agrees that it will initiate and maintain an appropriate internal program limiting the internal distribution of the Confidential Information to its officers, employees, professional advisors, consultants, servants or agents and to take the appropriate non-disclosure agreements from any and all persons who may have access to the Confidential Information.

9.3 The Licensee shall not use, either directly or indirectly, any Confidential Information for any purpose other than as set forth herein without the University's prior written consent, which consent shall not be unreasonably withheld.

9.4 In the event that the Licensee is required by judicial or administrative process to disclose any or all of the Confidential Information, the Licensee shall promptly notify the University and allow the University reasonable time to oppose such process before disclosing any Confidential Information.

9.5 Notwithstanding any termination or expiration of this Agreement, the obligations created in this Article 9.0 shall survive and be binding upon the Licensee, its successors and assigns.

9.6 The University shall not be restricted from presenting at symposia, national or regional professional meetings, or from publishing in journals or other publications accounts of its research relating-to the Information, provided that with respect to Confidential Information only, the Licensee shall have been furnished copies of the disclosure proposed therefor at least 60 calendar days in advance of the presentation or publication date and does not within 30 calendar days after receipt of the proposed disclosure object to such presentation or publication. Any objection to a proposed presentation or publication shall specify the portions of the presentation or publication considered objectionable (collectively the "Objectionable Material"). Upon receipt of notification from the Licensee that any proposed publication or disclosure contains Objectionable Material, the University and the Licensee shall work together to revise the proposed publication or presentation to remove or alter the Objectionable Material in a manner acceptable to the Licensee, in which case the Licensee shall withdraw its objection. In the event that an objection is made, disclosure of the Objectionable Material shall not be made for a period of 6 months after the date the Licensee has received the proposed publication or presentation relating to the Objectionable Material. The University shall co-operate in all reasonable respects in making revisions to any proposed disclosures if considered by the Licensee to contain Objectionable Material. The University shall not be restricted from publishing or presenting the proposed disclosure as long as the Objectionable Material has been removed. After the 6 month period has elapsed the University shall be free to present and/or publish the proposed publication or presentation whether or not it contains Objectionable Material.

9.7 The Licensee requires of the University, and the University agrees insofar as it may be permitted to do so at law, that this Agreement, and each part of it, is confidential and shall not be disclosed to third parties, as the Licensee claims that such disclosure would or could reveal commercial, scientific or technical information and would significantly harm the Licensee's competitive position and/or interfere with the Licensee's negotiations with prospective sublicensees.

Notwithstanding anything contained in this Article, the parties hereto acknowledge and agree that the University may identify the title of this Agreement, the parties to this Agreement and the names of the inventors of the Technology and any Improvements.

10.0 PRODUCTION AND MARKETING:

10.1 The Licensee will not use any of the UBC Trade-marks or make reference to the University or its name in any advertising or publicity whatsoever, without the prior written consent of the University, such consent not to be unreasonably withheld, except as required by law. Without limiting the generality of the foregoing, the Licensee shall not issue a press release with respect to this Agreement or any activity contemplated herein without the prior review and approval of the same by the University, such approval not to be unreasonably withheld, except as required by law. If the Licensee is required by law to act in contravention of this paragraph, the Licensee shall provide the University with sufficient advance notice in writing to permit the University to bring an application or other proceeding to contest the requirement.

10.2 The Licensee will not register or use any trade-marks in association with the Products without the prior written consent of the University, such consent not to be unreasonably withheld.

10.3 The Licensee will pay the University an annual license maintenance fee of $1000.00 (Canadian) due on the first anniversary of the Date of Commencement and annually thereafter.

11.0 PERFORMANCE_OBLIGATIONS OF THE LICENSEE:

11.1 The Licensee shall use its reasonable commercial efforts to promote, market and sell the Products and utilize the Technology and any Improvements and to meet or cause to be met the market demand for the Products and the utilization of the Technology and any Improvements.

11.2 The Licensee will provide the University with a copy of the Licensee’s detailed business plan and any documents prepared for the purpose of selling securities in the Licensee, prior to the execution of this Agreement.

11.3 The Licensee will, within three months of the Date of Commencement recruit a board of directors and the University will have observer status on the board for two years. Such observer will be entitled to attend all meetings of the Directors of the Licensee and receive copies of all materials and documents provided to such directors, but shall not be permitted to cast a vote at such meetings of the Directors.

11.4 On or before the date of execution of this Agreement, the Licensee will provide the University with written confirmation that the Licensee has raised not less than $1,000,000 (Canadian) through the sale of its common shares.

11.5 Within six months of the date of execution of this Agreement the Licensee shall recruit a scientific advisory board conversant with the development objectives of the Licensee and including, without limitation, at least one clinical practitioner familiar with cancer treatment.

12.0 REMEDY OF UNIVERSITY FOR BREACH UNDER PARAGRAPH 11.1:

12.1 In the event that the University is of the view that the Licensee is in breach of paragraph 11.1, the University shall notify the Licensee and the parties hereto shall appoint a mutually acceptable person as an independent evaluator to conduct the evaluation set forth in paragraph 12.2. In the event that the parties cannot agree on such an evaluator, the appointing authority shall be the British Columbia International Commercial Arbitration Centre.

12.2 The evaluator described in paragraph 12.1 shall review the efforts made by the Licensee with respect to the promotion, marketing and sale of the Products and the Technology and any Improvements. If said evaluator determines that the Licensee is in breach of paragraph 11.1, then the University shall have the right to terminate this Agreement as provided in paragraph 19.1, or to continue the licence granted hereunder as a non-exclusive licence rather than an exclusive licence but with all other terms and conditions of this Agreement unchanged. If said evaluator determines that the Licensee is not in breach of paragraph 11.1, then the University shall not terminate this Agreement for breach of paragraph 11.1, nor shall it change the nature of the licence granted hereunder from exclusive to non-exclusive.

12.3 The University may not call for more than one evaluation pursuant to paragraph 12.2 in each calendar year. The cost of an evaluation hereunder shall be borne 50% by the Licensee and 50% by the University.

13.0 ACCOUNTING RECORDS:

13.1 The Licensee shall maintain at its principal place of business, or such other place as may be most convenient, separate accounts and records of business done pursuant to this Agreement, such accounts and records to be in sufficient detail to enable proper returns to be made under this Agreement, and the Licensee shall cause its sublicensees to keep similar accounts and records.

13.2 The Licensee shall retain the accounts and records referred to in paragraph 13.1 above for at least three years after the date upon which they were made and shall permit any duly authorized representative of the University to inspect such accounts and records during normal business hours of the Licensee at the University’s expense. The Licensee shall furnish such reasonable evidence as such representative will deem necessary to verify the accounting and will permit such representative to make copies of or extracts from such accounts, records and agreements at the University’s expense.

13.3 During the term of this Agreement, and thereafter, the University shall use reasonable efforts to ensure that all information provided to the University or its representatives pursuant to this Article remains confidential and is treated as such by the University.

14.0 INSURANCE:

14.1 At least 60 calendar days prior to the first sale of a Product or clinical or other testing using human subjects using a Product, then the Licensee shall procure and maintain, during the term of this Agreement, the insurance outlined in paragraphs 14.2 and 14.3 and otherwise comply with the insurance provisions contained at paragraph 14.2 and 14.3.

14.2 One month prior to the first sale of a Product or clinical or other testing using human subjects using a Product, the Licensee will give notice to the University of the terms and amount of the public liability, product liability and errors and omissions insurance which it has placed in respect of the same, which in no case shall be less than the insurance which a reasonable and prudent businessman carrying on a similar line of business would acquire. This insurance shall be placed with a reputable and financially secure insurance carrier, shall include the University, its Board of Governors, faculty, officers, employees, students, and agents as additional insureds, and shall provide primary coverage with respect to the activities contemplated by this Agreement. Such policy shall include severability of interest and cross-liability clauses and shall provide that the policy shall not be cancelled or materially altered except upon at least 30 calendar days' prior written notice to the University. The University shall have the right to require reasonable amendments to the terms or the amount of coverage contained in the policy. Failing the parties agreeing on the appropriate terms or the amount of coverage, then the matter shall be determined by arbitration as provided for herein. The Licensee shall provide the University with certificates of insurance evidencing such coverage no later than 7 calendar days before commencement of sales of any Product or clinical or other testing using human subjects using a Product and the Licensee covenants not to sell any Product before such certificate is provided and approved by the University, or to sell or test any Product at any time unless the insurance outlined in this paragraph 14.2 is in effect.

14.3 The Licensee shall require that each sublicensee under this Agreement shall procure and maintain, during the term of the sublicense, public liability, product liability and errors and omissions insurance in reasonable amounts, with a reputable and financially secure insurance carrier. The Licensee shall use its best efforts to ensure that any and all such policies of insurance required pursuant to this clause shall contain a waiver of subrogation against the University, its Board of Governors, faculty, officers, employees, students, and agents.

15.0 ASSIGNMENT:

15.1 The Licensee will not assign, transfer, mortgage, charge or otherwise dispose of any or all of the rights, duties or obligations granted to it under this Agreement without the prior written consent of the University, such consent not to be unreasonably withheld.

15.2 The University shall have the right to assign its rights, duties and obligations under this Agreement to a company or society of which it is the sole shareholder, in the case of a company or of which it controls the membership, in the case of a society. In the event of such an assignment, the Licensee will release, remise and forever discharge the University from any and all obligations or covenants, provided however that such company or society, as the case may be, executes a written agreement which provides that such company or society shall assume all such obligations or

covenants from the University and that the Licensee shall retain all rights granted to the Licensee pursuant to this Agreement.

16.0 GOVERNING LAW AND ARBITRATION:

16.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada in force therein without regard to its conflict of law rules. All parties agree that by executing this Agreement they have attorned to the jurisdiction of the Supreme Court of British Columbia. Subject to paragraphs 16.2 and 16.3, the British Columbia Supreme Court shall have exclusive jurisdiction over this Agreement.

16.2 In the event of any dispute arising between the parties concerning this Agreement, its enforceability or the interpretation thereof, the same shall be settled by a single arbitrator appointed pursuant to the provisions of the Commercial Arbitration Act of British Columbia, or any successor legislation then in force. The place of arbitration shall be Vancouver, British Columbia. The language to be used in the arbitration proceedings shall be English.

16.3 Clause 16.2 of this Article shall not prevent a party hereto from applying to a court of competent jurisdiction for interim protection such as, by way of example, an interim injunction.

17.0 NOTICES:

17.1 All payments, reports and notices or other documents that any of the parties hereto are required or may desire to deliver to any other party hereto may be delivered only by personal delivery or by registered or certified mail, telex or telecopy, all postage and other charges prepaid, at the address for such party set forth below or at such other address as any party may hereinafter designate in writing to the other party. Any notice personally delivered or sent by telex or telecopy shall be deemed to have been given or received at the time of delivery, telexing or telecopying. Any notice mailed as aforesaid shall be deemed to have been received on the expiration of 5 calendar days after it is posted, provided that if there shall be at the time of mailing or between the time of mailing and the actual receipt of the notice a mail strike, slow down or labour dispute which might affect the delivery of the notice by the mails, then the notice shall only be effected if actually received.

If to the University: The Managing Director
University — Industry Liaison Office
University of British Columbia
IRC 331 — 2194 Health Sciences Mall
Vancouver, BC V6T 1Z3
Telephone: (604) 822-8580
Telecopier: (604) 822-8589

If to the Licensee: CEO
GENEMAX PHARMACEUTICALS INC.,
1260 – 999 West Hastings Street,
Vancouver, BC V6C 2W2
Telephone: (604) 683 6640
Telecopier: (604) 683 6650

If to Jefferies: Dr. Wilfred A. Jefferies, Professor
2222 Health Sciences Mall
Vancouver, BC V6T 1Z3
Telephone: (604)822-6961
Telecopier: (604) 822-7815

18.0 TERM:

18.1 This Agreement and the licence granted hereunder shall terminate on the expiration of a terra of 15 years from the Date of Commencement or the expiration of the last patent obtained pursuant to Article 7 herein, whichever event shall last occur, unless earlier terminated pursuant to Article 19 herein.

19.0 TERMINATION:

19.1 This Agreement shall automatically and immediately terminate without notice to the. Licensee if any proceeding under the Bankruptcy and Insolvency Act of Canada, or any other statute of similar purport, is commenced by or against the Licensee.

19.2 The University may, at its option, terminate this Agreement immediately on the happening of any one or more of the following events by delivering notice in writing to that effect to the Licensee:

(1) if the Licensee becomes insolvent;

(2) if any execution, sequestration, or any other process of any court becomes enforceable against the Licensee or if any such process is levied on the rights under this Agreement or upon any of the monies due to the University and is not released or satisfied by the Licensee within 30 calendar days thereafter;

(3) if any resolution is passed or order made or other steps taken for the winding up, liquidation or other termination of the existence of the Licensee;

(4) if the Licensee is more than 30 calendar days in arrears of any monies that are due to the University under the terms of this Agreement;

(5) if the Technology or any Improvements becomes subject to any security interest, lien, charge or encumbrance in favour of any third party claiming through the Licensee;

(6) if the Licensee ceases or threatens to cease to carry on its business;

(7) if any part of the Licensee's business relating to this Agreement is transferred to a subsidiary or associated company without the prior written consent of the University, such consent not to be unreasonably withheld except as provided in paragraph 19.3;

(8) if the Licensee commits any breach of any of paragraphs 4.1, 10.1, 10.2 and 14;

(9) if it is determined, pursuant to paragraph 12.2, that the Licensee is in breach of paragraph 11.1; or

(10) if any sublicensee of the Licensee is in breach of its sublicence agreement with the Licensee and the Licensee does not cause such sublicensee to cure such default within 30 calendar days of receipt of written notice from the University requiring that the Licensee cause such sublicensee to cure such default, or failing such cure terminate such sublicense.

19.3 The University shall not withhold its consent pursuant to subparagraph 19.2(g) unless the granting of such consent would result in the University having a contractual relationship with an entity with whom the University is prohibited from contracting with pursuant to its then existing policies.

19.4 Other than as set out in paragraphs 19.1 and 19.2, if either party shall be in default under or shall fail to comply with the terms of this Agreement then the non-defaulting party shall have the right to terminate this Agreement by written notice to that effect if:

(1) such default is reasonably curable within 30 calendar days after receipt of notice of such default and such default or failure to comply is not cured within 30 calendar days after receipt of written notice thereof, or

(2) such default is not reasonably curable within 30 calendar days after receipt of written notice thereof, and such default or failure to comply is not cured within such further reasonable period of time as may be necessary for the curing of such default or failure to comply.

19.5 If this Agreement is terminated pursuant to any of paragraphs 19.1, 19.2, or 19.4, the Licensee shall make any payments accrued to the University prior to termination as set out in paragraphs 6.3 and 10.3 , and the University may proceed to enforce payment of all outstanding payment owed to the University and to exercise any or all of the rights and remedies contained herein or otherwise available to the University by law or in equity, successively or concurrently, at the option of the University. Upon any such termination of this Agreement, the Licensee shall forthwith deliver up to the University all Technology and any Improvements in its possession or control and shall have no further right of any nature whatsoever in the Technology or any Improvements. On the failure of the Licensee to so deliver up the Technology and any Improvements, the University may immediately and without notice enter the Licensee's premises and take possession of the Technology and any Improvements. The Licensee will pay all charges

or expenses incurred by the University in the enforcement of its rights or remedies against the Licensee and including, without limitation, the University's legal fees and disbursements on an indemnity basis.

19.6 The Licensee shall cease to use the Technology or any Improvements in any manner whatsoever or to manufacture or sell the Products within 5 calendar days from the Effective Date of Termination. The Licensee shall then deliver or cause to be delivered to the University an accounting within 30 days from the Effective Date of Termination. The accounting will specify, in or on such terms as the University may in its sole discretion require, the inventory or stock of Products manufactured and remaining unsold on the Effective Date of Termination. The University will instruct that the unsold Products be stored, destroyed, or sold under its direction, provided the Agreement was terminated pursuant to paragraphs 19.2 or 19.4. Without limiting the generality of the foregoing, if the Agreement was terminated pursuant to paragraph 19.1, the unsold Products will not be sold by any party without the prior written consent of the University.

19.7 Notwithstanding the termination of this Agreement, paragraph 13.1 shall remain in full force and effect until three years after any other claim or claims of any nature or kind whatsoever of the University against the Licensee has been settled.

20.0 MISCELLANEOUS COVENANTS OF LICENSEE:

20.1 The Licensee hereby represents and warrants to the University that the Licensee is a corporation duly organized, existing and in good standing under the laws of the State of Delaware and has the power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated by this Agreement, all of which have been duly and validly authorized by all requisite corporate proceedings.

20.2 The Licensee represents and warrants that it has the expertise necessary to handle the Technology and any Improvements with care and without danger to the Licensee, its employees, agents, or the public. The Licensee shall not accept delivery of the Technology or any Improvements until it has requested and received from the University all necessary information and advice to ensure that it is capable of handling the Technology and any Improvements in a safe and prudent manner.

20.3 The Licensee shall comply with all laws, regulations and ordinances, whether Federal, Provincial, Municipal or otherwise, with respect to the Technology and any Improvements and/or this Agreement.

20.4 Upon the presentation of itemized bills to the Licensee by the University, the Licensee shall pay all reasonable legal expenses and costs incurred by the University in respect of any consents and approvals required from the University in connection with the entering into of this Agreement, and including but not limited to expenses and costs in respect of the University's review of any sublicences to be granted by the Licensee.

20.5 The Licensee shall pay all taxes and any related interest or penalty howsoever designated and imposed as a result of the existence or operation of this Agreement, and including,

but not limited to, tax which the Licensee is required to withhold or deduct from payments to the University. The Licensee will furnish to the University such evidence as may be required by Canadian authorities to establish that any such tax has been paid. If the University is required to collect a tax to be paid by the Licensee or any of its sublicensees, the Licensee shall pay such tax to the University on demand.

21.0 COVENANTS OF JEFFERIES

21.1 Jefferies acknowledges that under the terms of his employment with the University, the Technology and any Improvements are the property of the University and pursuant to the University's Patent and Licensing Policy, he is entitled to certain present benefits and possible future benefits arising from the commercialization of the Technology, and Jefferies acknowledges and agrees that he has elected to and does hereby waive his entitlement to all such benefits absolutely.

21.2 Jefferies acknowledges that any Improvements with respect to the Technology which are developed, invented or discovered while Jefferies is an employee of the University shall be the absolute property of the University and shall become a part of and be subject to the terms of this Agreement.

21.3 By electing to waive his entitlement in all benefits accruing under the Patent and Licensing Policy as referred to in paragraph 21. 1 above, and by entering into this Agreement, Jefferies acknowledges that he has not sought nor been given any legal advice by any University employee nor the University's legal counsel.

22.0 GENERAL:

22.1 The Licensee shall permit any duly authorized representative of the University, during normal business hours and at the University's sole risk and expense, to enter upon and into any premises of the Licensee for the purpose of inspecting the Products and the manner of their manufacture and generally of ascertaining whether or not the provisions of this Agreement have been, are being, or will be complied with by the Licensee.

22.2 Nothing contained herein shall be deemed or construed to create between the parties hereto a partnership or joint venture. No party shall have the authority to act on behalf of any other party, or to commit any other party in any manner or cause whatsoever or to use any other party's name in any way not specifically authorized by this Agreement. No party shall be liable for any act, omission, representation, obligation or debt of any other party, even if informed of such act, omission, representation, obligation or debt.

22.3 Subject to the limitations hereinbefore expressed, this Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

22.4 No condoning, excusing or overlooking by any party of any default, breach or non-observance by any other party at any time or times in respect of any covenants, provisos or conditions of this Agreement shall operate as a waiver of such party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance, so as to defeat in any

way the rights of such party in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing.

22.5 No exercise of a specific right or remedy by any party precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

22.6 Marginal headings as used in this Agreement are for the convenience of reference only and do not form a part of this Agreement and are not be used in the interpretation hereof.

22.7 The terms and provisions, covenants and conditions contained in this Agreement which by the terms hereof require their performance by the parties hereto after the expiration or termination of this Agreement shall be and remain in force notwithstanding such expiration or other termination of this Agreement or any provisions thereof for any reason whatsoever.

22.8 In the event that any Article, section, clause, paragraph or subparagraph of this Agreement shall be held to be indefinite, invalid, illegal or otherwise voidable or unenforceable, the entire agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

22.9 The parties hereto acknowledge that the law firm of Richards Buell Sutton has acted solely for the University in connection with this Agreement and that the Licensee have been advised to seek independent legal advice in connection with its review and execution of this Agreement.

22.10 This Agreement sets forth the entire understanding between the parties and no modifications hereof shall be binding unless executed in writing by the parties hereto.

22.11 Time shall be of the essence of this Agreement.

22.12 Whenever the singular or masculine or neuter is used throughout this Agreement the same shall be construed as meaning the plural or feminine or body corporate when the context or the parties hereto may require.

IN WITNESS WHEREOF the parties hereto have hereunto executed this Agreement on the 6 day of March, 2000 but effective as of the Date of Commencement.

SIGNED FOR AND ON BEHALF OF
**THE UNIVERSITY OF BRITISH COLUMBIA**
by its duly authorized officers:

/s/ Angus Livingstone
Authorized Signatory

Authorized Signatory

SIGNED FOR AND BEHALF OF
**GENEMAX PHARMACEUTICALS INC.**
by its duly authorized officer:

/s/ Ronald L. Handford
Authorized Signatory

WITNESSED BY:

/s/ P. R. Wells
Signature P. R. WELLS.
UBC

Address IRC 331- 2194
Health Science Mall

Vancover V6T 123

/s/ Wilfred A. Jefferies
**DR. WILFRED A. JEFFERIES**

**SCHEDULE“A”**

**DESCRIPTION OF “TECHNOLOGY”**

UILO 95-015 Method of Enhancing Expression of MHC-Class 1 Molecules Bearing Endogenous Peptides and any and all improvements, variations, updates, modifications, and enhancements thereto, and

UILO 95-010 Method of Identifying MHC-Class 1 Restricted Antigens Endogenously Processed by a Cellular Secretory Pathway and any and all improvements, variations, updates, modifications, and enhancements thereto

Patent numbers:

UILO 95-015
US SN 08/817,731 (Application)
Japan SN 510486/1996 (Application)
Europe Designating: France, UK, Germany, Switzerland
SN 95931866.8 (Application)

UILO 95-010
US 5,792,604 (Issued)
Japan SN 532142/1997 (Application)
Europe, Designating all countries: EP 97906062.1 (Application)

Exhibit 10.3

**COLLABORATIVE RESEARCH AGREEMENT**

This Agreement dated for reference the 1st day of September, 2000.

BETWEEN:

**GENEMAX PHARMACEUTICALS CANADA INC.,** a corporation incorporated under the laws of the Province of British Columbia and having a registered office at 1260 - 999 West Hastings Street, Vancouver, British Columbia V6C 2W2

(the ***"Sponsor"*)**

AND:

**GENEMAX PHARMACEUTICALS INC.,** a corporation incorporated under the laws of the State of Delaware and having a registered and records office at 1260 - 999 West Hastings Street, Vancouver, British Columbia V6C 2W2

**(*"Genemax U.S."*)**

AND:

**THE UNIVERSITY OF BRITISH COLUMBIA,** a corporation continued under the *University Act* of British Columbia and having its administrative offices at 2075 Wesbrook Mall, in the City of Vancouver, in the Province of British Columbia V6T 1W5

(the ***"Research Organization")***

**WHEREAS:**

A. The research program contemplated by this Agreement is of mutual interest and benefit to the Research Organization and to the Sponsor, will further the instructional and research objectives of the Research Organization in a manner consistent with its status as a non-profit, tax- exempt, educational institution, and may derive benefits for both Sponsor and Research Organization through inventions, improvements, and/or discoveries;

B. Genemax U.S. and the Research Organization have entered in the License Agreement attached hereto as Schedule ***"A";***

C. The parties acknowledge that Dr. Wilfred A. Jefferies ***("Dr. Jefferies")*** has an appointment within the Research Organization and is also a shareholder of Genemax U.S. and that Dr. Jefferies will be required to comply with the policies of the Research Organization relating to conflicts of interest;

D. The Sponsor is a wholly owned subsidiary of Genemax U.S.; and

E. The parties have agreed to terminate a research agreement dated June 1, 2000 to be superseded by this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants herein set forth, the parties hereto have covenanted and agreed as follows:

**1.0 DEFINITIONS**

1.1 In this Agreement, unless a contrary intention appears, the following words and phrases shall mean:

(a) ***"Confidential Information"*** shall mean any and all knowledge, know-how, information, and/or techniques disclosed by the one party (referred to in this capacity as the ***"Provider")*** to another (referred to in this capacity as the ***'Recipient')*** relating to the Project, including, without limiting the generality of the foregoing, all research, data, specifications, plans, drawings, prototypes, models, documents, records, instructions, manuals, papers, or other materials of any nature whatsoever, whether written or otherwise, relating to same. In order to constitute "Confidential Information" for the purposes of this Agreement, the Provider must clearly identify it in writing as being confidential, or if the disclosure takes place orally or in some other non-tangible form, the Provider must summarize it in writing and identify it as being confidential within thirty (30) days of making the disclosure. Furthermore, such disclosures shall not be considered "Confidential Information" for the purposes of this Agreement if and when it:

(i) is made subject to an order by judicial or administrative process requiring the Recipient to disclose any or all of the Confidential Information disclosed to it by the Provider, provided however that the Recipient shall promptly notify the Provider and allow the Provider reasonable time to oppose such process before disclosing any of the Confidential Information disclosed to it by the Provider;

(ii) is published or becomes available to the general public other than through a breach of this Agreement;

(iii) is obtained by the Recipient from a third party with a valid right to disclose it, provided that said third party is not under a confidentiality obligation to the Discloser;

(iv) is independently developed by employees, agents or consultants of the Recipient who had no knowledge of or access to the Confidential Information disclosed to it by another party to this Agreement as evidenced by the Recipient's business records; or

(v) was possessed by the Recipient prior to receipt from the Provider, other than through prior disclosure by the Provider, as evidenced by the Recipient's business records;

(b) ***"Contract Period'*** shall mean May 1, 2000 through August 31, 2001;

(c) "***Investigator***" shall mean Dr. Jefferies of the Biotechnology Laboratory at The University of British Columbia;

(d) "***License Agreement***" shall mean the License Agreement attached hereto as Schedule "A";

(e) "***Project***' shall mean the project as described in Schedule "***B***" hereof;

(f) "***Research Organization Intellectual Property***" shall mean, individually and collectively, all inventions, improvements, and/or discoveries which are conceived and/or made solely by one or more employees of the Research Organization during the Contract Period in the performance of the Project but will exclude Improvements as defined in Schedule "A" attached hereto.

**2.0 RESEARCH WORK**

2.1 The parties agree that the research agreement dated June 1, 2000 between Genemax U.S. and the Research Organization is hereby terminated and is superseded by this Research Agreement.

2.2 The Research Organization shall commence the performance of the Project promptly after the effective date of this Agreement, and shall use reasonable efforts to perform the Project substantially in accordance with the terms and conditions of this Agreement. Notwithstanding anything to the contrary in this Agreement, the Sponsor and the Research Organization may at any time amend the Project by mutual written agreement.

2.3 In the event that the Investigator becomes unable or unwilling to continue the Project, and a mutually acceptable substitute is not available, the Research Organization and the Sponsor shall each have the option to terminate the Project and this Agreement by providing the other party with written notice of same.

2.4 In the performance of all services hereunder:

(a) the Research Organization shall be deemed to be and shall be an independent contractor;

(b) neither party is authorized or empowered to act as agent for the other for any purpose and shall not on behalf of the other enter into any contract, warranty, or representation as to any matter; and

(c) neither party shall be bound with respect to third parties by the acts or conduct of the other.

**3.0 REPORTS AND CONFERENCES**

3.1 Interim written project reports shall be provided by the Research Organization to the Sponsor every six (6) months during the Contract Period, and a final project report shall be submitted by the Research Organization to the Sponsor within sixty (60) days after the conclusion of the Contract Period or early termination of this Agreement, whichever is sooner.

3.2 A financial statement shall be submitted by the Research Organization to the Sponsor within sixty (60) days after the conclusion of the Contract Period or early termination of this Agreement, whichever is sooner, any amount received by the Research Organization in excess of the allowable paid or accrued expenses will be returned to the Sponsor.

3.3 During the term of this Agreement, representatives of the Research Organization will meet with representatives of the Sponsor at times and places mutually agreed upon to discuss the progress and results, as well as ongoing plans, or changes therein, of the Project.

**4.0 COSTS, BILLINGS, AND OTHER SUPPORT**

4.1 It is agreed to and understood by all parties that, subject to Article 4.2, the total costs to the Sponsor hereunder shall be $498,980.00 (Canadian). The parties acknowledge that any budget categories that may be set forth in the description of the Projectare estimates only and that changes from category to category may be made at the Research Organization's discretion. Invoices shall be issued to the Sponsor by the Research Organization in accordance with the following schedule:

1) the Research Organization acknowledges that it has received the sum of $124,725 from the Sponsor;

2) Due September 30, 2000: $124,725;

3) Due January 1,2001: $124,725; and

4) Due March 31, 2001: $124,725.

The Research Organization reserves the right to suspend work on the Project or to terminate the Project and this Agreement by delivering written notice of same to the Sponsor if the Sponsor fails to pay any invoiced amount within fifteen (15) days after the invoice is issued.

4.2 Notwithstanding anything to the contrary in this Agreement, in the event of early termination of this Agreement, the Sponsor shall pay all costs and liabilities relating to the Project which have been incurred by the Research Organization as of the date of receipt of notice of such termination. For greater certainty, such costs and liabilities shall include all non-cancellable obligations including payments in lieu of reasonable notice for technicians, graduate students, and other staff assigned to the Project.

**5.0 PUBLICITY**

5.1 Notwithstanding anything to the contrary in this Agreement, the Research Organization may disclose the identity of the Sponsor, the title of the Project, the name of the Investigator, the Contract Period, and the amount of funding being provided by the Sponsor in support of the Project. Except as provided by the foregoing, neither party may use the name of the other, nor of any member of the others Project staff, in any publicity, advertising, or news release without the prior written approval of an authorized representative of the other.

**6.0 CONFIDENTIALITY**

6.1 The Recipient shall not use the Confidential Information provided to it by the Provider, directly or indirectly, for any purpose other than as specifically set forth in this Agreement.

Without limiting the generality of the foregoing, the Recipient shall not use, manufacture, or sell the Provider's Confidential Information or any device or means incorporating any of the Provider's Confidential Information, and shall not use any of the Provider's Confidential Information as the basis for the design or creation of any device or means.

6.2 The Recipient shall keep and use all of the Provider's Confidential Information in confidence and shall not disclose any part of the Provider's Confidential Information to any person, firm, corporation, or other entity.

6.3 Subject to Article 5.1, the Sponsor requires of the Research Organization, and the Research Organization agrees insofar as it may be permitted to do so at law, that this Agreement and Appendices, and each part of them, are confidential and shall not be disclosed to third parties, as the Sponsor claims that such disclosure would or could reveal commercial, scientific or technical information and would significantly harm the Sponsor's competitive position.

6.4 Notwithstanding any termination or expiration of this Agreement, the obligations of confidentiality set forth in this Article 6 shall survive and continue to be binding upon the Recipient, its successors, and assigns until three (3) years after such termination or expiration.

**7.0 PUBLICATIONS**

7.1 The Sponsor acknowledges that the policies of the Research Organization require that the results of the Project be publishable, subject to Article 6. The parties therefore agree that researchers engaged in the Project shall not be restricted from presenting at symposia, national, or regional professional meetings, or from publishing in abstracts, journals, theses, or dissertations, or otherwise, whether in printed or in electronic media, methods and results of the Project, provided however that:

(a) the Research Organization provides the Sponsor with copies of any proposed publication or presentation at least forty-five (45) days in advance of the submission of such proposed publication or presentation to a journal, editor, or other third party; and

(b) the Sponsor has not, within thirty (30) days after receipt of said copies, objected in writing to such proposed presentation or proposed publication in accordance with Article 7.2 of this Agreement.

7.2 The Sponsor may object to a proposed presentation or proposed publication on the grounds that it contains Confidential Information that was disclosed to the Research Organization by the Sponsor or on the grounds that it discloses patentable subject matter which needs protection. In the event that the Sponsor makes such objection on the former ground, the Research Organization shall ensure that its researchers remove such Confidential Information immediately from the proposed presentation or publication, after which the Research Organization and its researchers may proceed with said presentation or publication. In the event that the Sponsor makes such an objection on the latter ground, it shall be deemed to be a direction to the Research Organization to file a patent application pursuant to Article 8.2, and the Research Organization shall ensure that its researchers refrain from making such publication or presentation until Research Organization has filed one or more patent applications with one or more patent offices directed to such patentable subject matter, or until three (3) months have elapsed from date of receipt of such written objection from the Sponsor by the Research Organization, whichever is sooner, after which the Research Organization and its researchers may proceed with said presentation or publication. For greater

certainty, a provisional patent application shall be considered to be a patent application in the United States of America for the purposes of this Agreement.

**8.0 INTELLECTUAL PROPERTY**

8.1 The parties acknowledge and agree that all rights and title to Research Organization Intellectual Property shall belong to the Research Organization.

8.2 The Research Organization will promptly notify Sponsor of any Research Organization Intellectual Property. The Sponsor may direct that one or more patent applications be filed in respect of such Research Organization Intellectual Property, as the case may be, in which case the Research Organization shall promptly prepare, file, and prosecute such patent applications in such jurisdictions as the Sponsor directs in the name of the Research Organization. The Sponsor shall bear all costs incurred in connection with the preparation, filing, prosecution, and maintenance of such patent applications and shall cooperate with the Research Organization to assure that such patent applications cover, to the best of the Sponsor's knowledge, all items of commercial interest and importance. While the Research Organization shall be responsible for making final decisions regarding the scope and content of such patent applications and the prosecution thereof, the Sponsor shall be given an opportunity to review and provide input thereto. The Research Organization shall keep the Sponsor advised as to all developments with respect to such applications and shall promptly supply the Sponsor with copies of all papers received and filed in connection with the prosecution thereof in sufficient time for the Sponsor to comment thereon.

8.3 If the Research Organization wishes to obtain patent protection in respect of Research Organization Intellectual Property above that for which the Sponsor wishes to provide its financial support pursuant to Article 8.2, the Research Organization shall be free to file or continue prosecution or maintain any such applications and to maintain any protection issuing thereon at its own expense.

**9.0 GRANT OF RIGHTS**

9.1 The Research Organization grants the Sponsor the option to obtain a royalty-bearing license to use or otherwise exploit Research Organization Intellectual Property subject to terms and conditions determined in accordance with Article 9.3. Said option shall subsist with respect to each item of Research Organization Intellectual Property for a period of six (6) months after said item has been disclosed in writing by the Research Organization to the Sponsor and may be exercised within this period by the Sponsor delivering written notice of same to the Research Organization.

9.2 Notwithstanding 9.1, any Research Organization Intellectual Property that is described in the definition of "Improvements" as set out in the License Agreement attached as Schedule ***"A"*** hereto will be subject to the terms of that agreement

9.3 If the Sponsor exercises its option pursuant to Article 9.1, the parties shall negotiate in good faith to determine the specific terms and conditions on which the license shall be granted by the Research Organization to the Sponsor. If the parties are unable to agree upon such specific terms and conditions within a period of six (6) months after the date when the Sponsor exercised its option, either party shall have the right to have the terms and conditions which are still in issue determined by an arbitrator in accordance with Article 15. Said arbitrator shall be required to determine such outstanding terms and conditions:

(a) in accordance with generally accepted industry standards where such terms and conditions relate purely to financial matters such as minimum annual royalty amounts, percentage royalty rates, and performance requirements; and

(b) in accordance with the current licensing practices of The University of British Columbia in all other matters including, without limiting the generality of the foregoing, matters of indemnification, insurance, confidentiality, use of trade-marks or names of Research Organization personnel, and disclaimer of warranty.

9.4 Subject to Articles 7 and 8, the Sponsor has the right to publish, distribute and reproduce any and all data created in the Project.

**10.0 TERM AND TERMINATION**

10.1 This Agreement shall be deemed to have come into force upon the beginning of the Contract Period and shall continue in effect for the full duration of the Contract Period unless sooner terminated in accordance with the provisions of this Article. The parties hereto may, however, extend the term of this Agreement for additional periods as desired under mutually agreeable terms and conditions which the parties reduce to writing and sign. Either party may terminate this agreement upon ninety (90) days prior written notice to the other.

10.2 In the event that either party hereto shall commit any breach of or default in any of the terms or conditions of this Agreement, and also shall fail to remedy such default or breach within thirty (30) days after receipt of written notice thereof from the other party hereto, the party giving notice may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other party to such effect and such termination shall be effective as of the date of the receipt of such notice.

10.3 Termination of this Agreement by either party for any reason shall not affect the rights and obligations of the parties accrued prior to the effective date of termination of this Agreement pursuant to Articles 8 and 9. No termination of this Agreement, however effectuated, shall release the parties hereto from their rights and obligations under Articles 4.2, 5, 6,10.4, or 12.

10.4 Forthwith upon the termination of this Agreement, the Recipient shall cease to use the Provider’s Confidential Information in any manner whatsoever and upon the written request of the Provider shall forthwith deliver up to the Provider all of the Provider’s Confidential Information in the Recipient’s possession or control, together with a certificate certifying that no copies have been made or retained.

**11.0 DISCLAIMER OF WARRANTY**

11.1 The Research Organization makes no representations or warranties, either express or implied, with respect to the data or other results arising from the Project or with respect to any Confidential Information it may disclose to the Sponsor. The Research Organization specifically disclaims any implied warranty of non-infringement or merchantability or fitness for a particular purpose and shall in no event be liable for any loss of profits, be they direct, consequential, incidental, or special or other similar or like damages arising from any defect, error or failure to perform, even if the Research Organization has been advised of the possibility of such damages. The Sponsor hereby acknowledges that the Project is of an experimental and exploratory nature, that no particular results can be guaranteed, and that it has been advised by the Research

Organization to undertake its own due diligence with respect to all matters arising from this Agreement.

**12.0 INDEMNITY**

12.1 The Sponsor hereby indemnifies, holds harmless and defends the Research Organization, its Board of Governors, directors, officers, employees, faculty, students, invitees, and agents against any and all claims (including all legal fees and disbursements incurred in association therewith) arising out of the receipt or use by the Sponsor of any of the Research Organization's Confidential Information, the Research Organization Intellectual Property, the background Intellectual Property, the Joint Intellectual Property, the Sponsor Intellectual Property, or any data or other results arising from the Project including, without limiting the generality of the foregoing, any damages or losses, consequential or otherwise, arising from or out of same, howsoever the same may arise.

**13.0 EQUIPMENT**

13.1 The equipment listed in Schedule "**C**"("**Sponsor *Equipment***") will be purchased by the Sponsor without using the purchasing services of the Research Organization. Schedule "**C**" may be amended from time to time by mutual written agreement.

13.2 Sponsor Equipment will only be used to carry out the work described in the Project. The Research Organization will not be responsible for any property damage or loss to the Sponsors Equipment regardless as to how such property damage or loss occurs.

13.3 Operation, installation, maintenance and de-installation of the Sponsor Equipment will be in accordance with applicable Research Organization policies and procedures.

13.4 The Sponsor shall indemnify the Research Organization against and hold the Research Organization harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including legal fees arising out of or in connection with or resulting from the use of the Sponsor Equipment, including, without limitation, the manufacture, selection, delivery, possession, use, operation or return of the Sponsor Equipment.

13.5 The Sponsor shall, at its own expense, maintain and keep in effect during the period of this Agreement, comprehensive public liability and property damage insurance in an amount acceptable to the Research Organization. In addition thereto while the Sponsor Equipment is in the Research Organization premises, it shall insure the Sponsor Equipment for the full replacement value for loss caused by fire, theft or other perils. The Sponsor shall produce upon request a certificate from the insurers outlining the terms and conditions of the policy.

13.6 The Research Organization shall retain title to any equipment other than Sponsor Equipment purchased with funds provided by the Sponsor under this Agreement.

**14.0 INSURANCE**

14.1 The parties acknowledge that the Research Organization has adequate liability insurance applicable to its officers, employees, and agents while acting within the scope of their employment by the Research Organization, and that the Research Organization has no liability insurance policy as such that can extend protection to any other person. Therefore, subject to

Article 16, each party hereby assumes any risks of personal injury and property damage attributable to the negligent acts or omissions of that party and its officers, employees, and agents.

**15.0 GOVERNING LAW AND ARBITRATION**

15.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada in force therein without regard to its conflict of law rules. All parties agree that by executing this Agreement they have attorned to the jurisdiction of the Supreme Court of British Columbia. Subject to Article 15.2, the Supreme Court of British Columbia shall have exclusive jurisdiction over this Agreement.

15.2 In the event of any dispute arising between the parties concerning this Agreement, its enforceability, or its interpretation, said dispute shall be settled by a single arbitrator appointed pursuant to the provisions of the *International Commercial Arbitration Act* of British Columbia, or any successor legislation then in force. The place of arbitration shall be Vancouver, British Columbia, Canada and the language to be used in the arbitration proceedings shall be English. Notwithstanding the foregoing, either party may apply to a court of competent jurisdiction for interim protection such as, by way of example, an interim injunction.

**16.0 ASSIGNMENT**

16.1 This Agreement shall not be assigned by any party without the prior written consent of the others, which consent shall not be unreasonably withheld.

**17.0 GUARANTEE**

17.1 Genemax U.S. hereby unconditionally guarantees and promises to pay to the Research Organization any and any amounts to be paid by the Sponsor hereunder, including, without limitation, those amounts due pursuant to Article 4.1 hereof. In addition, Genemax U.S. shall cause the Sponsor to perform its obligations hereunder, failing which it shall be liable for any damages or costs incurred by the Research Organization for such breaches or defaults of the Sponsor.

**18.0 NOTICES**

18.1 All notices or other documents that either of the parties hereto are required or may desire to deliver to the other party hereto may be delivered only by personal delivery or by registered or certified mail, telex or telecopy, all postage and other charges prepaid, at the address for such party set forth below or at such other address as that party may hereinafter designate in writing to the other. Any notice personally delivered or sent by telex or telecopy shall be deemed to have been given or received at the time of delivery, telexing or telecopying.

Sponsor:

The President
Genemax Pharmaceuticals Canada Inc.
1260 B 999 West Hastings Street
Vancouver, British Columbia
V6C 2W2
Telephone: (604) 683-6640
Telecopier: (604) 683-6650

| | |
|---|---|
| Genemax U.S.: | The President<br>Genemax Pharmaceuticals Inc.<br>1260 B 999 West Hastings Street<br>Vancouver, British Columbia<br>V6C 2W2<br>Telephone: (604) 683-6640<br>Telecopier: (604) 683-6650<br>E-mail: handford@genemax.com |
| Research Organization: | The Director<br>The University of British Columbia<br>University Industry Liaison Office<br>I.R.C. Room 3312194 Health Sciences Mall<br>Vancouver, British Columbia<br>V6T 1Z3<br>Telephone: (604) 822-8580<br>Telecopier: (604) 822-8589 |

18.2 Questions or queries of a scientific nature or regarding financial matters may be directed by the Sponsor to the Research Organization through the following contacts:

| | |
|---|---|
| Technical Matters: | Dr. Wilfred A. Jefferies<br>Biotechnology Lab<br>The University of British Columbia<br>Biomedical Research Center<br>2222 Health Sciences Mall<br>Vancouver, British Columbia<br>V6T 1Z3<br>Telephone: (604) 822 6961<br>Telecopier: (604) 822 6780 |
| Financial Matters: | Ms. Claudia Faria<br>Office of Financial Services<br>The University of British Columbia<br>General Services Administration Building<br>2075 Wesbrook Mall<br>Vancouver, British Columbia<br>V6T 1Z1<br>Telephone: (604) 822-2321<br>Telecopier: (604) 822-2417 |

**19.0 GENERAL**

19.1 The appendices to this Agreement together with the terms and conditions contained within this Agreement constitute the entire understanding between the parties hereto and no modifications hereof shall be binding unless executed in writing by the parties hereto. The appendices will be binding upon the parties hereto except to the extent that they may conflict with the terms and conditions contained within this Agreement itself, in which case the terms and conditions of this Agreement shall govern.

19.2 In the event that any part, section, clause, paragraph or subparagraph of this Agreement shall be held to be indefinite, invalid, illegal or otherwise voidable or unenforceable, the entire agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

19.3 No condoning, excusing or overlooking by either party of any default or breach by the other party in respect of any terms of this Agreement shall operate as a waiver of such party's rights under this Agreement in respect of any continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing.

19.4 No exercise of a specific right or remedy by any party precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

**IN WITNESS WHEREOF** the parties hereto have hereunto executed this Agreement effective as of the beginning of the Contract Period, regardless of the date of execution.

| | |
|---|---|
| Signed for and on behalf of<br>**GENEMAX PHARMACEUTICALS CANADA INC.**<br>by its duly authorized officer: | /s/ RONALD L. HANDFORD<br>Name: RONALD L. HANDFORD<br>Title: PRESIDENT & CEO |
| Signed for and on behalf of<br>**GENEMAX PHARMACEUTICALS INC.**<br>by its duly authorized officer: | /s/ RONALD L. HANDFORD<br>Name: RONALD L. HANDFORD<br>Title: |
| Signed for and on behalf of<br>**THE UNIVERSITY OF BRITISH COLUMBIA**<br>by its duly authorized officer: | ANGUS LIVINGSTONE<br>Angus Livingstone, Managing Director<br>University — Industry Liaison Office |

I have read and understood the foregoing Agreement and understand my responsibilities as the Investigator:

**/s/ WILFRED A. JEFFERIES**

**DR. WILFRED A. JEFFERIES,**
Biotechnology Laboratory, The University of British Columbia

SCHEDULE “A”

LICENSE AGREEMENT

**LICENCE AGREEMENT**

BETWEEN:

**The University of British Columbia,** a corporation continued under the University Act of British Columbia and having its administrative offices at 2075 Wesbrook Mall, in the City of Vancouver, in the Province of British Columbia, V6T 1W5

*(the "**University**")*

AND:

**Genemax Pharmaceuticals Inc.,** a corporation incorporated under the laws of the State of Delaware and having a business office at 1260 — 999 West Hastings Street, Vancouver, BC V6C 2W2

(the *"**Licensee**")*

AND:

**Dr. Wilfred** A. **Jefferies,** Professor, with an office at 2222 Health Sciences Mall, Vancouver, BC-V6T 1Z3

*("**Jefferies**")*

WHEREAS:

A. The University has been engaged in research during the course of which it has invented, developed and/or acquired certain technology relating to Methods of Enhancing Expression of MHC-Class 1 Molecules Bearing Endogenous Peptides, and Methods of Identifying MHC-Class 1 Restricted Antigens Endogenously Processed by a Cellular Secretory Pathway, which research was undertaken by Dr. Wilfred Jefferies and his research group in the Biotechnology Laboratory at the University;

B. The University is desirous of entering into this agreement (the "Agreement") with the objective of furthering society's use of its advanced technology, and to generate further research in a manner consistent with its status as a non-profit, tax exempt educational institution; and

C. The Licensee is desirous of the University granting an exclusive world-wide licence to the Licensee to use or cause to be used the Technology to manufacture, distribute, market, sell, lease and/or license or sublicense products derived or developed from such technology and to sell the same to the general public during the term of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants herein set forth, the parties hereto have covenanted and agreed as follows:

1.0 DEFINITIONS:

1.1 In this Agreement, unless a contrary intention appears, the following words and phrases shall mean:

(a) "Accounting": an accounting statement setting out in detail how the amount of Revenue was determined;

(b) "Affiliated Company" or "Affiliated Companies": two or more corporations where the relationship between them is one in which one of them is a subsidiary of the other, or both are subsidiaries of the same corporation, or fifty percent (50%) or more of the voting shares of each of them is owned or controlled beneficially by the same person, corporation or other legal entity;

(c) "Confidential Information": any part of the Information which is designated by the University as confidential, whether orally or in writing but excluding any part of the Information:

(i) possessed by the Licensee prior to receipt from the University, other than through prior disclosure by the University, as evidenced by the Licensee's business records;

(ii) published or available to the general public otherwise than through a breach of this Agreement;

(iii) obtained by the Licensee from a third party with a valid right to disclose it, provided that said third party is not under a confidentiality obligation to the University; or

(iv) independently developed by employees, agents or consultants of the Licensee who had no knowledge of or access to the University's Information as evidenced by the Licensee's business records;

(d) "Date of Commencement" or "Commencement Date": this Agreement will be deemed to have come into force on the Date of Commencement which shall be the 6 day of March, 2000, and shall be read and construed accordingly;

(e) "Effective Date of Termination": the date on which this Agreement is terminated pursuant to Article 18;

(f) "Improvements": any and all improvements, variations, updates, modifications, enhancements and alterations directly related to the Technology which are invented,

developed and/or acquired after the Date of Commencement by the University or the Licensee, their employees, servants, agents, sublicensees or subcontractors, whether patentable or not, which:

(1) if patentable, which claim priority from any of the patents or patent applications which comprise the Technology and cannot be used or practised without a license of the Technology; or

(2) if not patentable, which relate directly to the Technology;

(7) "Information": any and all Technology and any and all Improvements, the terms and conditions of this Agreement and any and all oral, written, electronic or other communications and other information disclosed or provided by the parties including any and all analyses or conclusions drawn or derived therefrom regarding this Agreement and information developed or disclosed hereunder, or any party's raw materials, processes, formulations, analytical procedures, methodologies, products, samples and specimens or functions;

(8) "Product(s)": goods manufactured in connection with the use of all or some of the Technology and/or any Improvement;

(9) "Technology": any and all knowledge, know-how and/or technique or techniques invented, developed and/or acquired, prior to the Date of Commencement by the University or the Licensee relating to the technology described in Schedule "A" hereto, as amended from time to time, including, without limitation, all research, data, specifications, instructions, manuals, papers or other materials of any nature whatsoever, whether written or otherwise, relating to same; and

(10) "UBC Trade-marks": any mark, trade-mark, service mark, logo, insignia, seal, design, symbol, or device used by the University in any manner whatsoever.

2.0 PROPERTY RIGHTS IN AND TO THE TECHNOLOGY:

2.1 The parties hereto hereby acknowledge and agree that the University owns any and all right, title and interest in and to the Technology, as well as any and all Improvements.

2.2 The Licensee shall, at the request of the University, enter into such further agreements and execute any and all documents as may be required to ensure that ownership of the Technology and any Improvements remains with the University.

2.3 On the last working day of June of each and every year during which this Agreement remains in full force and effect the Licensee shall deliver in writing the details of any and all Improvements which the Licensee and any sublicensees of the Licensee have developed and/or acquired during the previous twelve month period.

3.0 GRANT OF LICENCE:

3.1 In consideration herein, and the covenants on the part of the Licensee contained herein, the University hereby grants to the Licensee an exclusive world-wide licence to use and sublicense the Technology and any Improvements and to manufacture, distribute and sell Products on the terms and conditions hereinafter set forth during the term of this Agreement.

3.2 The licence granted herein is personal to the Licensee and is not granted to any Affiliated Company or Affiliated Companies.

3.3 The Licensee shall not cross-license the Technology or any Improvements without the prior written consent of the University.

3.4 Notwithstanding paragraph 3.1 herein, the parties acknowledge and agree that the University may use the Technology and any Improvements without charge in any manner whatsoever for research, scholarly publication, educational or other non-commercial uses.

3.5 As part of the consideration for the rights granted by the University to the Licensee hereunder, the Licensee agrees to pay to the University as an initial licence fee the sum of $113,627.32 (Canadian funds). The said sum shall be paid concurrently with the execution of this Agreement. Neither all nor any portion of the said sum shall be refundable to the Licensee under any circumstances. This sum is equal to all patent costs paid by the University in connection with the Technology up to February 7th 2000.

3.6 Upon execution of this Agreement the University may register a financing statement with respect to this Agreement under the provisions of the Personal Property Security Act of British Columbia and/or under the provisions of similar legislation in those jurisdictions in which the Licensee carries on business and/or has its chief place of business. All costs associated with the registrations contemplated by this paragraph 3.6 shall be paid for by the Licensee.

3.7 The Licensee shall give written notice to the University if it is carrying on business and/or locates its chief place of business in a jurisdiction outside British Columbia prior to beginning business in that other jurisdiction.

3.8 If the University has registered one or more financing statements as set forth in paragraph 3.6, the Licensee shall give written notice to the University of any and all changes of jurisdiction within or outside of Canada in which it is carrying on business and/or any and all changes in jurisdiction of its chief place of business within or outside of Canada and shall file the appropriate documents in the various provincial Personal Property Registries or similar registries within or outside of Canada to document such changes in jurisdiction and furnish the University with a copy of the verification with respect to each such filing within 15 calendar days after receipt of same. All costs associated with the registrations contemplated by this paragraph 3.8 shall be paid for by the Licensee.

4.0 EQUITY:

4.1 On or before the date of execution of this Agreement the Licensee shall issue to the University 500,000 common shares (the “Shares”) of the Licensee’s share capital. The Shares shall be free from any pooling or escrow requirements and hold periods save and except as required by applicable securities laws. The Licensee shall provide to the University concurrently with the issuance of the Shares:

(a) a written assurance that all applicable securities laws have been complied with in connection with the issuance of the Shares; and

(b) confirmation that the Shares represent 500,000 of the 8,100,000 founders’ common shares in the capital of the Licensee which are to be issued and outstanding in the share capital of the Licensee prior to the Licensee’s issuance of any further common shares pursuant to any private and/or public equity financing undertaken by the Licensee.

**5.0 SUBLICENSING:**

5.1 The Licensee shall have the right to grant sublicences to Affiliated Companies and other third parties with respect to the Technology and any Improvements with the prior written consent of the University, such consent not to be unreasonably withheld. The Licensee will furnish the University with a copy of each sublicence granted within 30 days after execution.

5.2 Any sublicence granted by the Licensee shall be personal to the sublicensee and shall not be assignable without the prior written consent of the University. Such sublicences shall contain covenants by the sublicensee to observe and perform similar terms and conditions to those contained in this Agreement.

5.3 Prior to the beginning of a sublicence agreement the Licensee shall give written notice to the University as to which jurisdictions the applicable sublicensee is carrying on business in. Within five calendar days of being aware of the same the Licensee shall provide written notice to the University if any sublicensee is carrying on business in a jurisdiction outside of British Columbia.

5.4 If the University has registered one or more financing statements as set forth in paragraph 3.6, the Licensee shall register a financing change statement under the provisions of the Personal Property Security Act of British Columbia and/or under the provisions of similar legislation in those jurisdictions in which each sublicensee carries on business or has its chief place of business in order to add each sublicensee as an additional debtor to the registration referred to in paragraph 3.6 forthwith upon execution of each sublicence, and shall furnish the University with a copy of the verification statement with respect to each such filing within 15 calendar days after receipt of same. All costs associated with the filings contemplated by this paragraph 5.0 shall be paid for by the Licensee. The Licensee shall give written notice to the University of any and all changes of jurisdiction within or outside of Canada in which each sublicensee is carrying on business and/or any and all changes in jurisdiction of each sublicensee’s chief place of business and shall file the

appropriate documents in the various provincial Personal Property Registries or similar registries within or outside of Canada to document such changes in jurisdiction.

6.0 PATENTS:

6.1 The Licensee shall have the right to identify any process, use or products arising out of the Technology and any Improvements that may be patentable and the University shall, upon the request of the Licensee, take all reasonable steps to apply for a patent in the name of the University provided that the Licensee pays all costs of applying for, registering and maintaining the patent in those jurisdictions in which the Licensee might designate that a patent is required.

6.2 In the event of the issuance of a patent, the Licensee shall have the right to become, and shall become the Licensee of the same, all pursuant to the terms contained herein.

6.3 Within 30 calendar days of presentation of receipts and/or invoices by the University to the Licensee, the Licensee will reimburse the University for all costs incurred with respect to any and all patents relating to the Technology and any Improvements licensed hereunder, and with respect to any and all maintenance fees for any and all patents relating to the Technology and any Improvements licensed hereunder.

6.4 The Licensee will reimburse the University for any patent costs for the Technology incurred after February 7th 2000. The University will invoice patent costs to the Licensee on a quarterly basis commencing on the first quarter following the Date of Commencement.

7.0 DISCLAIMER OF WARRANTY:

7.1 The University makes no representations, conditions or warranties, either express or implied, with respect to the Technology or any Improvements or the Products. Without limiting the generality of the foregoing, the University specifically disclaims any implied warranty, condition or representation that the Technology or any Improvements or the Products:

(1) shall correspond with a particular description;

(2) are of merchantable quality;

(3) are fit for a particular purpose; or

(4) are durable for a reasonable period of time.

The University shall not be liable for any loss, whether direct, consequential, incidental, or special which the Licensee suffers arising from any defect, error, fault or failure to perform with respect to the Technology or any Improvements or Products, even if the University has been advised of the possibility of such defect, error, fault or failure. The Licensee acknowledges that it has been advised by the University to undertake its own due diligence with respect to the Technology and any Improvements.

7.2 Nothing in this Agreement shall be construed as:

(1) a warranty or representation by the University as to title to the Technology and/or any Improvement or that anything made, used, sold or otherwise disposed of under the licence granted in this Agreement is or will be free from infringement of patents, copyrights, trade-marks, industrial design or other intellectual property rights;

(2) an obligation by the University to bring or prosecute or defend actions or suits against third parties for infringement of patents, copyrights, trade-marks, industrial designs or other intellectual property or contractual rights; or

(3) the conferring by the University of the right to use in advertising or publicity the name of the University or the UBC Trademarks.

7.3 Notwithstanding paragraph 7.2, in the event of an alleged infringement of the Technology or any Improvements, or any right with respect to the Technology or any Improvements, the Licensee shall have, upon receiving the prior written consent of the University, the right to prosecute litigation designed to enjoin infringers of the Technology or any Improvements. Provided that it has first granted its prior written consent, the University agrees to co-operate to the extent of executing all necessary documents and to vest in the Licensee the right to institute any such suits, so long as all the direct or indirect costs and expenses of bringing and conducting any such litigation or settlement shall be borne by the Licensee and in such event all recoveries shall enure to the Licensee.

7.4 In the event that any complaint alleging infringement or violation of any patent or other proprietary rights is made against the Licensee or a sublicensee of the Licensee with respect to the use of the Technology or any Improvements or the manufacture, use or sale of the Products, the following procedure shall be adopted:

(1) the Licensee shall promptly notify the University upon receipt of any such complaint and shall keep the University fully informed of the actions and positions taken by the complainant and taken or proposed to be taken by the Licensee on behalf of itself or a sublicensee;

(2) except as provided in subparagraph 7.4(d), all costs and expenses incurred by the Licensee or any sublicensee of the Licensee in investigating, resisting, litigating and settling such a complaint, including the payment of any award of damages and/or costs to any third party, shall be paid by the Licensee or any sublicensee of the Licensee, as the case may be;

(3) no decision or action concerning or governing any final disposition of the complaint shall be taken without full consultation with and approval by the University, such approval not to be unreasonably withheld;

(4) the University may elect to participate formally in any litigation involving the complaint to the extent that the court may permit, but any additional expenses

generated by such formal participation shall be paid by the University (subject to the possibility of recovery of some or all of such additional expenses from the complainant); and

(5) notwithstanding paragraph 7.3, if the complainant is willing to accept an offer of settlement and one of the parties to this Agreement is willing to make or accept such offer and the other is not, then the unwilling party shall conduct all further proceedings at its own expense, and shall be responsible for the full amount of any damages, costs, accounting of profits and settlement costs in excess of those provided in such offer, but shall be entitled to retain unto itself the benefit of any litigated or settled result entailing a lower payment of costs, damages, accounting of profits and settlement costs than that provided in such offer.

8.0 INDEMNITY AND LIMITATION OF LIABILITY:

8.1 The Licensee hereby indemnifies, holds harmless and defends the University, its Board of Governors, officers, employees, faculty, students, invitees and agents against any and all claims (including all legal fees and disbursements incurred in association therewith) arising out of the exercise of any rights under this Agreement including, without limiting the generality of the foregoing, against any damages or losses, consequential or otherwise, arising from or out of the use of the Technology or any Improvements or Products licensed under this Agreement by the Licensee or its sublicensees or their respective customers or end-users howsoever the same may arise.

8.2 Subject to paragraph 8.3, the University's total liability, whether under the express or implied terms of this Agreement in tort (including negligence), or at common law, for any loss or damage suffered by the Licensee, whether direct, indirect or special, or any other similar or like damage that may arise or does arise from any breaches of this Agreement by the University, its Board of Governors, officers, employees, faculty, students or agents, shall be limited to the amount of $5,000.00 (Canadian).

8.3 In no event shall the University be liable for consequential or incidental damages arising from any breach or breaches of this Agreement.

8.4 No action, whether in contract or tort (including negligence), or otherwise arising out of or in connection with this Agreement, may be brought by the Licensee more than six months after the cause of action has occurred.

9.0 PUBLICATION AND CONFIDENTIALITY:

9.1 The Information shall be developed, received and used by the Licensee solely in furtherance of the purposes set forth in this Agreement subject to the terms and conditions as set forth in this Article 9.0.

9.2 The Licensee shall keep and use all of the Confidential Information in confidence and will not, without the University's prior written consent, disclose any Confidential Information to any person or entity, except those of the Licensee's officers, employees, professional advisors,

consultants, servants, agents and assigns who require said Confidential Information in performing their obligations under this Agreement or in connection with services provided to the Licensee in conjunction with this Agreement. The Licensee covenants and agrees that it will initiate and maintain an appropriate internal program limiting the internal distribution of the Confidential Information to its officers, employees, professional advisors, consultants, servants or agents and to take the appropriate non-disclosure agreements from any and all persons who may have access to the Confidential Information.

9.3 The Licensee shall not use, either directly or indirectly, any Confidential Information for any purpose other than as set forth herein without the University's prior written consent, which consent shall not be unreasonably withheld.

9.4 In the event that the Licensee is required by judicial or administrative process to disclose any or all of the Confidential Information, the Licensee shall promptly notify the University and allow the University reasonable time to oppose such process before disclosing any Confidential Information.

9.5 Notwithstanding any termination or expiration of this Agreement, the obligations created in this Article 9.0 shall survive and be binding upon the Licensee, its successors and assigns.

9.6 The University shall not be restricted from presenting at symposia, national or regional professional meetings, or from publishing in journals or other publications accounts of its research relating to the Information, provided that with respect to Confidential Information only, the Licensee shall have been furnished copies of the disclosure proposed therefor at least 60 calendar days in advance of the presentation or publication date and does not within 30 calendar days after receipt of the proposed disclosure object to such presentation or publication. Any objection to a proposed presentation or publication shall specify the portions of the presentation or publication considered objectionable (collectively the "Objectionable Material"). Upon receipt of notification from the Licensee that any proposed publication or disclosure contains Objectionable Material, the University and the Licensee shall work together to revise the proposed publication or presentation to remove or alter the Objectionable Material in a manner acceptable to the Licensee, in which case the Licensee shall withdraw its objection. In the event that an objection is made, disclosure of the Objectionable Material shall not be made for a period of 6 months after the date the Licensee has received the proposed publication or presentation relating to the Objectionable Material. The University shall co-operate in all reasonable respects in making revisions to any proposed disclosures if considered by the Licensee to contain Objectionable Material. The University shall not be restricted from publishing or presenting the proposed disclosure as long as the Objectionable Material has been removed. After the 6 month period has elapsed the University shall be free to present and/or publish the proposed publication or presentation whether or not it contains Objectionable Material.

9.7 The Licensee requires of the University, and the University agrees insofar as it may be permitted to do so at law, that this Agreement, and each part of it, is confidential and shall not be disclosed to third parties, as the Licensee claims that such disclosure would or could reveal commercial, scientific or technical information and would significantly harm the Licensee's competitive position and/or interfere with the Licensee's negotiations with prospective sublicensees.

Notwithstanding anything contained in this Article, the parties hereto acknowledge and agree that the University may identify the title of this Agreement, the parties to this Agreement and the names of the inventors of the Technology and any Improvements.

10.0 PRODUCTION AND MARKETING:

10.1 The Licensee will not use any of the UBC Trade-marks or make reference to the University or its name in any advertising or publicity whatsoever, without the prior written consent of the University, such consent not to be unreasonably withheld, except as required by law. Without limiting the generality of the foregoing, the Licensee shall not issue a press release with respect to this Agreement or any activity contemplated herein without the prior review and approval of the same by the University, such approval not to be unreasonably withheld, except as required by law. If the Licensee is required by law to act in contravention of this paragraph, the Licensee shall provide the University with sufficient advance notice in writing to permit the University to bring an application or other proceeding to contest the requirement.

10.2 The Licensee will not register or use any trade-marks in association with the Products without the prior written consent of the University, such consent not to be unreasonably withheld.

10.3 The Licensee will pay the University an annual license maintenance fee of $1000.00 (Canadian) due on the first anniversary of the Date of Commencement and annually thereafter.

11.0 PERFORMANCE OBLIGATIONS OF THE LICENSEE:

11.1 The Licensee shall use its reasonable commercial efforts to promote, market and sell the Products and utilize the Technology and any Improvements and to meet or cause to be met the market demand for the Products and the utilization of the Technology and any Improvements.

11.2 The Licensee will provide the University with a copy of the Licensee’s detailed business plan and any documents prepared for the purpose of selling securities in the Licensee, prior to the execution of this Agreement.

11.3 The Licensee will, within three months of the Date of Commencement recruit a board of directors and the University will have observer status on the board for two years. Such observer will be entitled to attend all meetings of the Directors of the Licensee and receive copies of all materials and documents provided to such directors, but shall not be permitted to cast a vote at such meetings of the Directors.

11.4 On or before the date of execution of this Agreement, the Licensee will provide the University with written confirmation that the Licensee has raised not less than $1,000,000 (Canadian) through the sale of its common shares.

11.5 Within six months of the date of execution of this Agreement the Licensee shall recruit a scientific advisory board conversant with the development objectives of the Licensee and including, without limitation, at least one clinical practitioner familiar with cancer treatment.

12.0 REMEDY OF UNIVERSITY FOR BREACH UNDER PARAGRAPH 11.1:

12.1 In the event that the University is of the view that the Licensee is in breach of paragraph 11.1, the University shall notify the Licensee and the parties hereto shall appoint a mutually acceptable person as an independent evaluator to conduct the evaluation set forth in paragraph 12.2. In the event that the parties cannot agree on such an evaluator, the appointing authority shall be the British Columbia International Commercial Arbitration Centre.

12.2 The evaluator described in paragraph 12.1 shall review the efforts made by the Licensee with respect to the promotion, marketing and sale of the Products and the Technology and any Improvements. If said evaluator determines that the Licensee is in breach of paragraph 11.1, then the University shall have the right to terminate this Agreement as provided in paragraph 19.1, or to continue the licence granted hereunder as a non-exclusive licence rather than an exclusive licence but with all other terms and conditions of this Agreement unchanged. If said evaluator determines that the Licensee is not in breach of paragraph 11.1, then the University shall not terminate this Agreement for breach of paragraph 11.1, nor shall it change the nature of the licence granted hereunder from exclusive to non-exclusive.

12.3 The University may not call for more than one evaluation pursuant to paragraph 12.2 in each calendar year. The cost of an evaluation hereunder shall be borne 50% by the Licensee and 50% by the University.

13.0 ACCOUNTING RECORDS:

13.1 The Licensee shall maintain at its principal place of business, or such other place as may be most convenient, separate accounts and records of business done pursuant to this Agreement, such accounts and records to be in sufficient detail to enable proper returns to be made under this Agreement, and the Licensee shall cause its sublicensees to keep similar accounts and records.

13.2 The Licensee shall retain the accounts and records referred to in paragraph 13.1 above for at least three years after the date upon which they were made and shall permit any duly authorized representative of the University to inspect such accounts and records during normal business hours of the Licensee at the University’s expense. The Licensee shall furnish such reasonable evidence as such representative will deem necessary to verify the accounting and will permit such representative to make copies of or extracts from such accounts, records and agreements at the University’s expense.

13.3 During the term of this Agreement, and thereafter, the University shall use reasonable efforts to ensure that all information provided to the University or its representatives pursuant to this Article remains confidential and is treated as such by the University.

14.0 INSURANCE:

14.1 At least 60 calendar days prior to the first sale of a Product or clinical or other testing using human subjects using a Product, then the Licensee shall procure and maintain, during the term of this Agreement, the insurance outlined in paragraphs 14.2 and 14.3 and otherwise comply with the insurance provisions contained at paragraph 14.2 and 14.3.

14.2 One month prior to the first sale of a Product or clinical or other testing using human subjects using a Product, the Licensee will give notice to the University of the terms and amount of the public liability, product liability and errors and omissions insurance which it has placed in respect of the same, which in no case shall be less than the insurance which a reasonable and prudent businessman carrying on a similar line of business would acquire. This insurance shall be placed with a reputable and financially secure insurance carrier, shall include the University, its Board of Governors, faculty, officers, employees, students, and agents as additional insureds, and shall provide primary coverage with respect to the activities contemplated by this Agreement. Such policy shall include severability of interest and cross-liability clauses and shall provide that the policy shall not be cancelled or materially altered except upon at least 30 calendar days' prior written notice to the University. The University shall have the right to require reasonable amendments to the terms or the amount of coverage contained in the policy. Failing the parties agreeing on the appropriate terms or the amount of coverage, then the matter shall be determined by arbitration as provided for herein. The Licensee shall provide the University with certificates of insurance evidencing such coverage no later than 7 calendar days before commencement of sales of any Product or clinical or other testing using human subjects using a Product and the Licensee covenants not to sell, any Product before such certificate is provided and approved by the University, or to sell or test any Product at any time unless the insurance outlined in this paragraph 14.2 is in effect.

14.3 The Licensee shall require that each sublicensee under this Agreement shall procure and maintain, during the term of the sublicense, public liability, product liability and errors and omissions insurance in reasonable amounts, with a reputable and financially secure insurance carrier. The Licensee shall use its best efforts to ensure that any and all such policies of insurance required pursuant to this clause shall contain a waiver of subrogation against the University, its Board of Governors, faculty, officers, employees, students, and agents.

15.0 ASSIGNMENT:

15.1 The Licensee will not assign, transfer, mortgage, charge or otherwise dispose of any or all of the rights, duties or obligations granted to it under this Agreement without the prior written consent of the University, such consent not to be unreasonably withheld.

15.2 The University shall have the right to assign its rights, duties and obligations under this Agreement to a company or society of which it is the sole shareholder, in the case of a company or of which it controls the membership, in the case of a society. In the event of such an assignment, the Licensee will release, remise and forever discharge the University from any and all obligations or covenants, provided however that such company or society, as the case may be, executes a written agreement which provides that such company or society shall assume all such obligations or

covenants from the University and that the Licensee shall retain all rights granted to the Licensee pursuant to this Agreement.

16.0 GOVERNING LAW AND ARBITRATION:

16.1 This Agreement shall be governed by and construed in accordance with the laws, of the Province of British Columbia and the laws of Canada in force therein without regard to its conflict of law rules. All parties agree that by executing this Agreement they have attorned to the jurisdiction of the Supreme Court of British Columbia. Subject to paragraphs 16.2 and 16.3, the British Columbia Supreme Court shall have exclusive jurisdiction over this Agreement.

16.2 In the event of any dispute arising between the parties concerning this Agreement, its enforceability or the interpretation thereof, the same shall be settled by a single arbitrator appointed pursuant to the provisions of the Commercial Arbitration Act of British Columbia, or any successor legislation then in force. The place of arbitration shall be Vancouver, British Columbia. The language to be used in the arbitration proceedings shall be English.

16.3 Clause 16.2 of this Article shall not prevent a party hereto from applying to a court of competent jurisdiction for interim protection such as, by way of example, an interim injunction.

17.0 NOTICES:

17.1 All payments, reports and notices or other documents that any of the parties hereto are required or may desire to deliver to any other party hereto may be delivered only by personal delivery or by registered or certified mail, telex or telecopy, all postage and other charges prepaid; at the address for such party set forth below or at such other address as any party may hereinafter designate in writing to the other party. Any notice personally delivered or sent by telex or telecopy shall be deemed to have been given or received at the time of delivery, telexing or telecopying. Any notice mailed as aforesaid shall be deemed to have been received on the expiration of 5 calendar days after it is posted, provided that if there shall be at the time of mailing or between the time of mailing and the actual receipt of the notice a mail strike, slow down or labour dispute which might affect the delivery of the notice by the mails, then the notice shall only be effected if actually received.

If to the University:

The Managing Director
University — Industry Liaison Office
University of British Columbia
IRC 331 — 2194 Health Sciences Mall
Vancouver, BC V6T 1Z3
Telephone: (604) 822-8580
Telecopier: (604) 822-8589

If to the Licensee: CEO
GBNEMAX PHARMACEUTICALS INC.,
1260 - 999 West Hastings Street,
Vancouver, BC V6C 2W2
Telephone: (604) 683 6640
Telecopier: (604) 683 6650

If to Jefferies: Dr. Wilfred A. Jefferies, Professor
2222 Health Sciences Mall
Vancouver, BC V6T 1Z3
Telephone: (604) 822-6961
Telecopier: (604) 822-7815

18.0 TERM:

18.1 This Agreement and the licence granted hereunder shall terminate on the expiration of a term of 15 years from the Date of Commencement or the expiration of the last patent obtained pursuant to Article 7 herein, whichever event shall last occur, unless earlier terminated pursuant to Article 19 herein.

19.0 TERMINATION:

19.1 This Agreement shall automatically and immediately terminate without notice to the Licensee if any proceeding under the Bankruptcy and Insolvency Act of Canada, or any other statute of similar purport, is commenced by or against the Licensee.

19.2 The University may, at its option, terminate this Agreement immediately on the happening of any one or more of the following events by delivering notice in writing to that effect to the Licensee:

(1) if the Licensee becomes insolvent;

(2) if any execution, sequestration, or any other process of any court becomes enforceable against the Licensee or if any such process is levied on the rights under this Agreement or upon any of the monies due to the University and is not released or satisfied by the Licensee within 30 calendar days thereafter;

(3) if any resolution is passed or order made or other steps taken for the winding up, liquidation or other termination of the existence of the Licensee;

(4) if the Licensee is more than 30 calendar days in arrears of any monies that are due to the University under the terms of this Agreement;

(5) if the Technology or any Improvements becomes subject to any security interest, lien, charge or encumbrance in favour of any third party claiming through the Licensee;

(6) if the Licensee ceases or threatens to cease to carry on its business;

(7) if any part of the Licensee's business relating to this Agreement is transferred to a subsidiary or associated company without the prior written consent of the University, such consent not to be unreasonably withheld except as provided in paragraph 19.3;

(8) if the Licensee commits any breach of any of paragraphs 4.1, 10.1,10.2 and 14;

(9) if it is determined, pursuant to paragraph 12.2, that the Licensee is in breach of paragraph 11.1; or

(10) if any sublicensee of the Licensee is in breach of its sublicence agreement with the Licensee and the Licensee does not cause such sublicensee to cure such default within 30 calendar days of receipt of written notice from the University requiring that the Licensee cause such sublicensee to cure such default, or failing such cure terminate such sublicense.

19.3 The University shall not withhold its consent pursuant to subparagraph 19.2(g) unless the granting of such consent would result in the University having a contractual relationship with an entity with whom the University is prohibited from contracting with pursuant to its then existing policies.

19.4 Other than as set out in paragraphs 19.1 and 19.2, if either party shall be in default under or shall fail to comply with the terms of this Agreement then the non-defaulting party shall have the right to terminate this Agreement by written notice to that effect if:

(1) such default is reasonably curable within 30 calendar days after receipt of notice of such default and such default or failure to comply is not cured within 30 calendar days after receipt of written notice thereof, or

(2) such default is not reasonably curable within 30 calendar days after receipt of written notice thereof, and such default or failure to comply is not cured within such further reasonable period of time as may be necessary for the curing of such default or failure to comply.

19.5 If this Agreement is terminated pursuant to any of paragraphs 19.1, 19.2, or 19.4, the Licensee shall make any payments accrued to the University prior to termination as set out in paragraphs 6.3 and 10.3 , and the University may proceed to enforce payment of all outstanding payment owed to the University and to exercise any or all of the rights and remedies contained herein or otherwise available to the University by law or in equity, successively or concurrently, at the option of the University. Upon any such termination of this Agreement, the Licensee shall forthwith deliver up to the University all Technology and any Improvements in its possession or control and shall have no further right of any nature whatsoever in the Technology or any Improvements. On the failure of the Licensee to so deliver up the Technology and any Improvements, the University may immediately and without notice enter the Licensee's premises and take possession of the Technology and any Improvements. The Licensee will pay all charges

or expenses incurred by the University in the enforcement of its rights or remedies against the Licensee and including, without limitation, the University's legal fees and disbursements on an indemnity basis.

19.6 The Licensee shall cease to use the Technology or any Improvements in any manner whatsoever or to manufacture or sell the Products within 5 calendar days from the Effective Date of Termination. The Licensee shall then deliver or cause to be delivered to the University an accounting within 30 days from the Effective Date of Termination. The accounting will specify, in or on such terms as the University may in its sole discretion require, the inventory or stock of Products manufactured and remaining unsold on the Effective Date of Termination. The University will instruct that the unsold Products be stored, destroyed, or sold under its direction, provided the Agreement was terminated pursuant to paragraphs 19.2 or 19.4. Without limiting the generality of the foregoing, if the Agreement was terminated pursuant to paragraph 19.1, the unsold Products will not be sold by any party without the prior written consent of the University.

19.7 Notwithstanding the termination of this Agreement, paragraph 13.1 shall remain in full force and effect until three years after any other claim or claims of any nature or kind whatsoever of the University against the Licensee has been settled.

20.0 MISCELLANEOUS COVENANTS OF LICENSEE:

20.1 The Licensee hereby represents and warrants to the University that the Licensee is a corporation duly organized, existing and in good standing under the laws of the State of Delaware and has the power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated by this Agreement, all of which have been duly and validly authorized by all requisite corporate proceedings.

20.2 The Licensee represents and warrants that it has the expertise necessary to handle the Technology and any Improvements with care and without danger to the Licensee, its employees, agents, or the public. The Licensee shall not accept delivery of the Technology or any Improvements until it has requested and received from the University all necessary information and advice to ensure that it is capable of handling the Technology and any Improvements in a safe and prudent manner.

20.3 The Licensee shall comply with all laws, regulations and ordinances, whether Federal, Provincial, Municipal or otherwise, with respect to the Technology and any Improvements and/or this Agreement.

20.4 Upon the presentation of itemized bills to the Licensee by the University, the Licensee shall pay all reasonable legal expenses and costs incurred by the University in respect of any consents and approvals required from the University in connection with the entering into of this Agreement, and including but not limited to expenses and costs in respect of the University's review of any sublicences to be granted by the Licensee.

20.5 The Licensee shall pay all taxes and any related interest or penalty howsoever designated and imposed as a result of the existence or operation of this Agreement, and including,

but not limited to, tax which the Licensee is required to withhold or deduct from payments to the University. The Licensee will furnish to the University such evidence as may be required by Canadian authorities to establish that any such tax has been paid.. If the University is required to collect a tax to be paid by the Licensee or any of its sublicensees, the Licensee shall pay such tax to the University on demand.

21.0 COVENANTS OF JEFFERIES

21.1 Jefferies acknowledges that under the terms of his employment with the University, the Technology and any Improvements are the property of the University and pursuant to the University's Patent and Licensing Policy, he is entitled to certain present benefits and possible future benefits arising from the commercialization of the Technology, and Jefferies acknowledges and agrees that he has elected to and does hereby waive his entitlement to all such benefits absolutely.

21.2 Jefferies acknowledges that any Improvements with respect to the Technology which are developed, invented or discovered while Jefferies is an employee of the University shall be the absolute property of the University and shall become a part of and be subject to the terms of this Agreement.

21.3 By electing to waive his entitlement in all benefits accruing under the Patent and Licensing Policy as referred to in paragraph 21. 1 above, and by entering into this Agreement, Jefferies acknowledges that he has not sought nor been given any legal advice by any University employee nor the University's legal counsel.

22.0 GENERAL:

22.1 The Licensee shall permit any duly authorized representative of the University, during normal business hours and at the University's sole risk and expense, to enter upon and into any premises of the Licensee for the purpose of inspecting the Products and the manner of their manufacture and generally of ascertaining whether or not the provisions of this Agreement have been, are being, or will be complied with by the Licensee.

22.2 Nothing contained herein shall be deemed or construed to create between the parties hereto a partnership or joint venture. No party shall have the authority to act on behalf of any other party, or to commit any other party in any manner or cause whatsoever or to use any other party's name in any way not specifically authorized by this Agreement. No party shall be liable for any act, omission, representation, obligation or debt of any other party, even if informed of such act, omission, representation, obligation or debt.

22.3 Subject to the limitations hereinbefore expressed, this Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

22.4 No condoning, excusing or overlooking by any party of any default, breach or non-observance by any other party at any time or times in respect of any covenants, provisos or conditions of this Agreement shall operate as a waiver of such party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance, so as to defeat in any

way the rights of such party in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing.

22.5 No exercise of a specific right or remedy by any party precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

22.6 Marginal headings as used in this Agreement are for the convenience of reference only and do not form a part of this Agreement and are not be used in the interpretation hereof.

22.7 The terms and provisions, covenants and conditions contained in this Agreement which by the terms hereof require their performance by the parties hereto after the expiration or termination of this Agreement shall be and remain in force notwithstanding such expiration or other termination of this Agreement or any provisions thereof for any reason whatsoever.

22.8 In the event that any Article, section, clause, paragraph or subparagraph of this Agreement shall be held to be indefinite, invalid, illegal or otherwise voidable or unenforceable, the entire agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

22.9 The parties hereto acknowledge that the law firm of Richards Buell Sutton has acted solely for the University in connection with this Agreement and that the Licensee have been advised to seek independent legal advice in connection with its review and execution of this Agreement.

22.10 This Agreement sets forth the entire understanding between the parties and no modifications hereof shall be binding unless executed in writing by the parties hereto.

22.11 Time shall be of the essence of this Agreement.

22.12 Whenever the singular or masculine or neuter is used throughout this Agreement the same shall be construed as meaning the plural or feminine or body corporate when the context or the parties hereto may require.

IN WITNESS WHEREOF the parties hereto have hereunto executed this Agreement on the 6 day of March, 2000 but effective as of the Date of Commencement.

SIGNED FOR AND ON BEHALF OF )
THE UNIVERSITY OF BRITISH COLUMBIA )
by its duly authorized officers: )
)
/s/ Angus Livingstone )
Authorized Signatory )
)
)
Authorized Signatory )

SIGNED FOR AND BEHALF OF )
GENEMAX PHARMACEUTICALS INC. )
by its duly authorized officer: )
)
)
/s/ Ronald L. HandFord )
Authorized Signatory )

WITNESSED BY: )
)
)
/s/ P. R. Wells )
Signature P. R. Wells )
UBC )
Address IRC 331 2194 )
Health Science Mall, )
Vancover )
V6T 123 )

/s/ Wilfred A. Jefferies
DR. WILFRED A. JEFFERIES

SCHEDULE “A”

DESCRIPTION OF “TECHNOLOGY”

UILO 95-015 Method of Enhancing Expression of MHC-Class 1 Molecules Bearing Endogenous Peptides and any and all improvements, variations, updates, modifications, and enhancements thereto, and

UILO 95-010 Method of Identifying MHC-Class 1 Restricted Antigens Endogenously Processed by a Cellular Secretory Pathway and any and all improvements, variations, updates, modifications, and enhancements thereto

Patent numbers:

UILO 95-015
US SN 08/817,731 (Application)
Japan SN 510486/1996 (Application)
Europe Designating: France, UK, Germany, Switzerland
SN 95931866.8 (Application)

UILO 95-010
US 5,792,604 (Issued)
Japan SN 532142/1997 (Application)
Europe, Designating all countries: EP 97906062.1 (Application)

SCHEDULE “B”

DESCRIPTION OF “PROJECT”

**Research Plan:**

**Objective:** To develop an intervention strategy that will stimulate the immune system to recognize TAP-1 deficient tumors.

**Specific Aims:**

1. Engineer recombinant gene transfer vectors containing TAP-1 gene.
2. Screen and select tumor cell lines and resected tumors for TAP-1 deficiency.
3. Treat mice bearing TAP-1 deficient tumors with gene transfer vectors containing TAP-1 gene.
4. Determine tumor antigens and specific CTL responses in treated mice.
5. Begin phase 1 clinical trial in humans.

**Development Program**

The first year of the research program includes three parallel projects.

1. Selection, construction and testing of gene transfer vectors.
2. Screening of murine tumor cell lines for TAP deficiency. Transfection of cell lines with TAP-1 and selection of clones that express TAP.
3. Optimize treatment of CMT.64 tumor bearing mice with vaccinia TAP-1 vector by titration of tumor load and vector dose.
4. Establish Scientific Advisory Board

The second year of the program will focus on preparation for IND submission to FDA.

1. Development of protocols for ADME and toxicology studies for GLP.
2. Production of gene therapy vector in GMP facility
3. Development of clinical protocol for phase I (GCP)

The third year of the program will focus on clinical trials.

GeneMax Pharmaceuticals Inc.

Work Plan:

**Project Title:** Novel Immunotherapy for Malignant Carcinoma

**Background:** Many cancers exist because the immune system is unable to detect the malignant cells. In a significant number of tumors, antigen presentation by MHC class I is impaired because of low or absent expression of transporters associated with antigen processing protein, TAP-1 and TAP-2. The low expression of TAP molecules inhibits the formation of the ternary complex composed of tumor antigen peptide, MHC class I and $b_2$. This results in a lack of cell surface MHC class I expression and tumor antigen presentation. As a consequence, specific cytotoxic T lymphocytes (CTL) are unable to recognize and destroy the malignant cells. We plan to develop a gene therapy that will increase TAP expression in TAP deficient tumors leading to reconstitution of MHC class I expression and tumor antigen presentation. This will in turn invoke a specific CTL response killing the malignant cells thus providing protection against tumor induced mortality.

As an initial proof of concept, murine small cell lung carcinoma cells (CMT.64), deficient in both TAP-1 and TAP-1 subunits, were transfected with the cDNA for TAP-1 alone. The transfected cells were transferred into syngenic mice (C57 B1/6J). As a control for TAP-1 activity, wild type CMT.64 cells were transferred into mice. Eighty percent of the mice given TAP-1 transfected CMT.64 cells, survived. No mice survived the transfer of control wild type CMT.64 cells. In addition we showed that the transfected tumor cells were killed by a specific CTL response. The increased expression of TAP-1 by the tumor cells stimulated the immuno-surveillance networks of the mice to kill the tumors.

As an intervention strategy we constructed a recombinant gene transfer vector (Vaccinia Virus (VV)) containing the TAP-1 gene (VV-TAP-1). We transferred $10^5$ CMT.64 tumor cells into mice. On the first and seventh day after tumor transfer mice were inocultated with $10^6$ pfu of VV-TAP-1. Mice treated with the VV-TAP-1 lived twice as long as control mice after 90 days with 25% of the treated mice cured. No mice treated with the control vector survived. We propose to develop further this intervention strategy in order stimulate a specific CTL response against TAP deficient tumors.

GeneMax Pharmaceuticals Inc.

UBC Research Agreement

**Project Title:**

Biologic Screen for Identifying Immuno-modulating Drugs and Tumor Antigens

**Background and Description of Technology**

Cytotoxic T-lymphocytes (CTL) recognize antigenic peptides bound to MHC class I molecules on the surface of cells infected with virus. Antigenic peptides are predominantly generated from cyoplasmic proteins by the action of the proteasome, a multi-catylitic proteinase complex. The peptides enter the endoplasmic reticulum by the transports associated with antigen processing (TAP) and bind to the MHC class I molecules before transport to the cell surface. Recently the active secretion of antigenic peptides derived from the vesicular stomatitis virus nucleoprotein independent of MHC class I but dependant of TAP expression has been discovered. These secreted peptides can bind to empty MHC class I molecules on the surface of uninfected cells making then susceptible to specific CTL killing. This phenomenon, if generalized to other antigens, is the basis for an assay that can measure the modulation of the MHC class I restricted antigen-processing pathway. These peptides if overproduced or unbound to MHC class I are secreted into the medium. The medium is transferred to uninfected cells and the secreted peptides bind to empty MHC class I molecules on the cell surface. These cells are now susceptible to specific CTL killing. The amount of killing is proportional to the amount of antigenic peptide transferred in the medium. In this way the activity of the antigen-processing pathway in response to a combinatorial chemistry library or natural product library can be quantified. This will allow the identification of lead drug candidates that either stimulate or inhibit antigen production. These molecules will become lead drug candidates in diseases such as cancer, autoimmune diseases, graft versus host disease (transplant tissue rejection), and infectious disease.

**Research Plan:**

**Objective:** To develop an assay to identify immuno-modulatory compounds.

**Specific Aims:**

1. Generalize the assay
2. Simplify assay protocol
3. Obtain and screen combinatorial and natural product libraries.
4. Partner with firms for further development lead drug candidates.

The first year of the research program includes three parallel projects.

1. In order to generalize the assay the secretion of other antigens will be investigated.

2. The reporter system of the assay will be modified to use fluorescence instead of radioactivity.

3. Synthesize combinatorial libraries of organic molecules and peptides.

The second year of the research program includes:

1. Screening of combinatorial libraries for compounds that either inhibit or stimulate antigen secretion.

2. Identify target of stimulatory and inhibitory compounds.

3. Partner with other firms to develop further lead drug candidates.

| Position | Salary per annum | Benefits | Total |
|---|---|---|---|
| Research Associate | 45,000 | 9,900 | 54,900 |
| post-doc | 32,000 | 7,040 | 39,040 |
| post-doc | 32,000 | 7,040 | 39,040 |
| Research Assistant V | 40,000 | 8,800 | 48,800 |
| Research Assistant III | 30,000 | 6,600 | 36,600 |
| Research Assistant III | 30,000 | 6,600 | 36,600 |
| Research Assistant III | 30,000 | 6,600 | 36,600 |
| **SUM** | | | |
| 7 | 239,000 | 52,580 | 291,580 |

| | |
|---|---|
| Consumables | 70,000 |
| Sub total | 361,580 |
| Overhead 38% | 137,400 |
| **Total** | **498,980** |

**SCHEDULE "C"**

**LIST OF "SPONSOR EQUIPMENT"**

**Tissue Culture**

2 tissue $C0_2$ incubators
1 inverted microscope
1 shaking water bath
1 liquid nitrogen flask

**Centrifuge**

2 bench top microcentriruges
1 refrigerated centrifuge for cells

**Refrigerators**

1 4°C refrigerator
1 -20°C freezer

**Analytic Equipment**

Spectrophotometer
PCR thermocycler
1 flourescence microscope
1 flouresence plate reader

**General Laboratory Equipment**

3 vortex genie
1 dry bath
2 orbital shakers
1 rocker shaker
pH meter and electrode
2 stirring hot plates
2 stirring plates
3 water baths
1 37°C incubator for bacteria
1 incubator shaker for bacteria
Deionized water system
3 - 1000 pipette
3 - 200 pipette
3 - 20 pipette
1 - 2 pipette
3 pipette aid

**Electrophoresis**

3 power supplies
3 gel electrophoresis apparatuses for SDS-PAGE
3 gel electrophoresis apparatuses for agarose
1 gel drying system
UV light box and camera
4 x-ray film cassette
1 geiger counter hand held monitor
1 Perspex radiation shield
1 small Perspex radiation shield storage box
1 large Perspex radiation shield storage box

1 Dissecting scope
1 fiber optic lamp
1 peristaltic pump

Exhibit 10.4

**NON-DISCLOSURE AGREEMENT**

This Agreement is effective as of October 3, 2002

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a corporation continued under the *University Act* of British Columbia and having offices at IRC 331 – 2194 Health Sciences Mall, Vancouver, British Columbia, V6T 1Z3, Attention: Director, University-Industry Liaison Office, Telephone: (604) 822-8580, Facsimile: (604) 822-8589

(the "University")

AND:

GENEMAX PHARMACEUTICALS INC. having an office at Suite 400 -1681 Chestnut Street, Vancouver, BC, Canada, V6J 4M6, Attention: Ronald Handford, President and CEO, Telephone: (604) 733-9835 Facsimile:

(the "Recipient")

The University will provide the Recipient with certain confidential and proprietary information on the following terms and conditions:

**1. Confidential Information.** The University will provide the Recipient with information relating to "Method for Identifying New Tumor Antigens (UILO File No. 02-083), and A Screen for Regulators of Antigenicity in Tumour and Normal Cells (UILO File No. 03-048)" (the "Information") which includes, without limitation, any and all trade secrets, know-how, show-how, concepts, discoveries, inventions, research or technical data, and any other proprietary information. However, Recipient is under no obligation to maintain the confidentiality of Information which Recipient can show:

(a) was public knowledge at the time of its disclosure to the Recipient,

(b) became public knowledge during the term of this Agreement through no act or fault of the Recipient,

(c) was in the possession of the Recipient prior to its disclosure, or

(d) was lawfully acquired by the Recipient from a third party who was not under an obligation of confidentiality to the University.

**2. Ownership.** The Information is and will at all times remain the exclusive property of the University and nothing in this Agreement grants the Recipient any right, title, interest or licence, implied or otherwise, in or to the Information.

**3. No Representation or Warranty.** The Recipient acknowledges and agrees that the Information is experimental in nature and that THE UNIVERSITY MAKES NO REPRESENTATION OR WARRANTY, WHETHER EXPRESSED OR IMPLIED, WITH RESPECT TO THE INFORMATION, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO ITS ACCURACY, COMPLETENESS, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON- INFRINGEMENT OF THIRD PARTY PROPRIETARY RIGHTS.

**4. Use.** The Recipient will not use the Information for any purpose other than to evaluate the Information for commercial potential. Without limiting the generality of the foregoing, the Recipient will not use the Information to develop, or cause to develop, all or part of any process or product whether for

internal use or for commercial purposes. The Recipient hereby indemnifies, holds harmless and defends the University, its Board of Governors, directors, officers, employees, faculty, students and agents against any and all claims, demands, liabilities and expenses (including reasonable legal fees and disbursements), whether direct, indirect, consequential or otherwise, resulting from a breach of this provision or any other provision of this Agreement.

**5. Term.** The term of this Agreement will begin on the date of this Agreement and will end on October 3, 2005 unless terminated earlier by one party upon giving the other party at least 30 days written notice.

**6. Non-Disclosure.** Recipient will use best efforts to maintain the confidentiality of the Information both during and after the term of this Agreement and will not disclose the Information to any third party without the prior written consent of the University for a period of three years from the date of this Agreement.

**7. Return or Destruction of Information.** At the written request of the University or upon expiry or earlier termination of this Agreement, Recipient will, on the direction of the University, return or destroy the Information and will not retain any photocopy or other reproduction of any part of the Information.

**8. No Waiver.** No provision of this Agreement will be deemed waived or any breach excused, unless such waiver or consent excusing the breach is in writing and signed by the University. A waiver of a provision of this Agreement will not be construed to be a waiver of a subsequent breach of the same provision.

**9. Assignment.** The Recipient will not assign all or part of this Agreement without the prior writter consent of the University.

**10. Entire Agreement and Counterpart.** This Agreement contains the entire agreement and understanding of the parties with respect to its subject matter and supersedes all prior proposals, negotiations, agreements, understandings, representations and warranties of any form or nature, whether oral or written, and whether express or implied, which may have been entered into between the parties relating to its subject matter. This Agreement may be signed in counterparts and faxed to the other party or parties, and each counterpart, together with the other counterparts will constitute the entire Agreement.

**11. Governing Law and Jurisdiction.** This Agreement will be governed by and construed under the laws of British Columbia and the applicable laws of Canada without reference to its conflict of law rules. Any action or proceeding brought to enforce the terms of this Agreement will be brought in a court in Vancouver, British Columbia, and the parties hereby consent and submit to the exclusive jurisdiction of such court.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first written above.

**UNIVERSITY OF BRITISH COLUMBIA**
by its duly authorized officer:

/s/ David Jones
David Jones, Associate Director
University — Industry Liaison Office

**GENEMAX PHARMACEUTICALS INC.**
by its duly, authorized officer:

/s/ Ronald Handford
Name: Ronald Handford
Title: President and CEO

Internal use or for commercial purposes. The Recipient hereby indemnifies, holds harmless and defends the University, its Board of Governors, directors, officers, employees, faculty, students and agents against any and all claims, demands, liabilities and expenses (including reasonable legal fees and disbursements), whether direct, indirect, consequential or otherwise resulting from a breach of this provision or any other provision of this Agreement.

**5. TERM.** The term of this Agreement will begin on the date of this Agreement and will end on October 3, 2005 unless terminated earlier by one party upon giving the other party at least 30 days written notice.

**6. Non-Disclosure.** Recipient will use best efforts to maintain the confidentiality of the Information both during and after the term of this Agreement and will not disclose the Information to any third party without the prior written consent of the University for a period of three years from the date of this Agreement.

**7. Return or Destruction of Information.** At the written request of the University or upon expiry or earlier termination of this Agreement, Recipient will on the direction of the University, destroy the Information and will not retain any photocopy or other reproduction of my part of the Information.

**8. No Waiver.** No provision of this Agreement will be deemed waived or any breach excused, unless such waiver or consent excusing the breach is in writing and signed by the University. A waiver of a provision of this Agreement will not be constructed to be a wavier of a subsequent breach of the same provision.

**9. Assignment.** The recipient will not assign all or part of this Agreement without the prior written consent of the University.

**10. Entire Agreement and Counterpart.** This Agreement contains the entire agreement and understanding of the parties with respect to its subject matter and supersedes all prior proposals, negotiations, agreements, understandings, representations and warranties of any form or nature, whether oral or written, and whether express or implied, which may have been entered into between the parties relating to its subject matter. This Agreement may be signed in counterparts and faxed to the other party or parties, and each counterparts together with the other counterparts will constitute the entire Agreement.

**11. Governing Law and Jurisdiction.** The Agreement will be governed by and construct under the laws of British Columbia and the applicable laws of Canada without reference to its conflict of law rules. Any action or proceeding brought to enforce the terms of this Agreement will be brought in a court in Vancouver, British Columbia, and the parties hereby consent and submit to the exclusive jurisdiction of such court.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first written above.

**UNIVERSITY OF BRITISH COLUMBIA**
by its duly authorized officer

/s/ David Jones
David Jones, Associate Director
University-Industry Liaison Office

**GENEMAX PHARMACEUTICALS INC.**
by its duly authorized officer:

/s/ Ronald Handford
Name : Ronald Handford
Title: President and CEO


**PRODUCTION SERVICE AGREEMENT**

THIS PRODUCTION SERVICE AGREEMENT (the "Agreement"), entered into and effective this 18th day of March, 2003 (the "Effective Date"), is by and between MOLECULAR MEDICINE BIOSERVICES, INC.("MOLECULAR MEDICINE"), located at 11772 Sorrento Valley Road, Suite 200, San Diego, CA 92121 and GeneMax Corporation ("SPONSOR") located at 3432 West 13th Ave, Vancouver, British Columbia, V6R2S1.

INTENDING TO BE LEGALLY BOUND, the parties agree as follows:

**1. The PROJECT.**

MOLECULAR MEDICINE will perform production services for SPONSOR relating to the fill of adenoviral vector product (the "PRODUCT"), and the performance of such production services, (the "PROJECT"), each term as more fully defined in Section 2 below) using due care in accordance with:

a. the Scope of Work attached as Exhibit A

b. Price and Payment Schedule attached as Exhibit B;

c. the Schedule of Work attached as Exhibit C; and

d. current Good Manufacturing Practices as set forth in US 21CFR Parts 210 and 211 applicable to pilot scale facilities and 21 CFR Part 600 applicable to biologies;

all as may be amended from time to time. MOLECULAR MEDICINE will make a good faith effort to start and complete the PROJECT in a timely fashion and will notify SPONSOR if it determines there are likely to be substantial changes in the proposed start or completion dates of the PROJECT.

**2. Definitions.** As used herein, the following capitalized terms shall have the meanings set forth below:

**2.1 DATA:** All documentation, records, data, required retain samples, or other work generated by MOLECULAR MEDICINE during and in connection with the PROJECT.

**2.2 PRODUCT:** Finished product to be produced by MOLECULAR MEDICINE as described in Exhibit A and meeting the Technical Specifications set forth in Exhibit A.

**2.3 PROJECT:** Scope of activities necessary to deliver the PRODUCT to the SPONSOR under the terms as set forth in this agreement; the Scope of Work under Exhibit A and the Schedule of Work attached as Exhibit C.

**2.4 PROJECT MATERIALS:** All compounds, materials, or other substances necessary to perform the PROJECT and deliver the finished PRODUCT described in Exhibit A including sufficient and comprehensive data as may be required by MOLECULAR MEDICINE concerning stability, storage and safety requirements.

**3. Project Procedures.**

**3.1 Project Materials.** SPONSOR shall provide MOLECULAR MEDICINE with sufficient quantities of PROJECT MATERIALS necessary to perform the PROJECT and deliver the finished PRODUCT described in Exhibit A. Except as specifically agreed by the parties, or unless prohibited by law or regulation, any remaining supplies of PROJECT MATERIALS shall be returned to SPONSOR upon completion of the project..

**3.2 Timetable.** MOLECULAR MEDICINE will make a good faith effort to start and complete the PROJECT in a timely fashion in accordance with the Schedule of Work attached as Exhibit C, it being understood that as long as MOLECULAR MEDICINE makes such good faith efforts, the failure of MOLECULAR MEDICINE to meet the Schedule of Work shall not be deemed to be a default by MOLECULAR MEDICINE of its obligations hereunder. MOLECULAR MEDICINE will notify SPONSOR if it determines there are likely to be substantial changes in the proposed start or completion dates of the PROJECT.

**3.3 Data.** All DATA generated by MOLECULAR MEDICINE in the course of the PROJECT shall be the property of MOLECULAR MEDICINE, and shall be maintained by MOLECULAR MEDICINE for the benefit of SPONSOR during the term of this Agreement. SPONSOR shall have access to DATA produced in connection with the PROJECT described in this Agreement. Unless otherwise agreed between the parties, upon completion of the PROJECT, MOLECULAR MEDICINE shall store and maintain all DATA in accordance with all applicable legal and regulatory requirements for a period of five (5) years (or such shorter period as may be permitted by law). Upon the expiration of such five-year retention period, MOLECULAR MEDICINE shall make a good faith effort to contact SPONSOR concerning the disposition of DATA. MOLECULAR MEDICINE will limit access to DATA relating to the PROJECT to MOLECULAR MEDICINE staff as needed. To the extent practicable, MOLECULAR MEDICINE will remove any references to the SPONSOR'S technology from the DATA. Any information related directly to SPONSOR'S technology will be returned to SPONSOR at completion of the Agreement. In the event SPONSOR wishes the DATA to be retained by MOLECULAR MEDICINE beyond the five-year retention period, SPONSOR will pay MOLECULAR MEDICINE, in advance, its then-current standard annual storage fee for the retention of such DATA. If for any reason the fee is not paid, (e.g. SPONSOR cannot be located, SPONSOR has not responded, etc.) MOLECULAR MEDICINE may dispose of the DATA as it sees fit. It shall be SPONSOR'S responsibility to assure MOLECULAR MEDICINE has a current address for SPONSOR.

**3.4 Changes.** SPONSOR may request reasonable changes in the Technical Specifications described in Exhibit A prior to PROJECT completion. To be effective, all such proposed changes, including changes in the price and projected completion date of the PROJECT, shall be described in writing by authorized representatives of both MOLECULAR MEDICINE and SPONSOR and signed by both parties.

**3.5 Testing.** Should, during the course of conducting this PROJECT, regulatory testing requirements covering the PRODUCT change such that additional expense would be incurred by MOLECULAR MEDICINE to satisfy the terms of this Agreement, those expenses will be the responsibility of the SPONSOR.

**3.6 Inventions; Grant Back License.** In performing the PROJECT, MOLECULAR MEDICINE may develop ideas, know-how, inventions, techniques, improvements and other technology, whether or not patentable or copyrightable, and associated intellectual property relating to the PROJECT (collectively "INVENTIONS"). SPONSOR agrees that all INVENTIONS shall be owned by MOLECULAR MEDICINE. MOLECULAR MEDICINE hereby agrees to grant to SPONSOR a non-exclusive license, with the limited right to sub-license as described herein below, to any and all inventions made, conceived and/or reduced to practice by MOLECULAR MEDICINE during the course of, and/or resulting from, the performance of the PROJECT, provided that such inventions relate directly and exclusively to the manufacture of the PRODUCT. SPONSOR'S license right under this clause shall not extend to

inventions, processes or technology that are developed by MOLECULAR prior to its undertaking the PROJECT or that is not related directly and exclusively to the manufacture of the PRODUCT. SPONSOR shall only sublicense its rights under this clause to existing and future users of the PRODUCT. With respect to any inventions arising from and the PROJECT, US patent laws will be followed. This project infers no license or intellectual property rights to MOLECULAR MEDICINE by SPONSOR for any SPONSOR-related intellectual property existing prior to undertaking the project.

**4. Project Completion.**

**4.1 Notice and Delivery.** MOLECULAR MEDICINE shall notify SPONSOR by overnight mail when PRODUCT is complete and when quality assurance review of PRODUCT has been completed by MOLECULAR MEDICINE. Risk of loss for the PRODUCT shall be the responsibility of SPONSOR upon release of PRODUCT from MOLECULAR MEDICINE'S premises (FOB shipping point) to a commercially reliable shipper that carries sufficient insurance in accordance with industry standards. SPONSOR must acknowledge notification of PROJECT Completion to an authorized representative of MOLECULAR MEDICINE within ten (10) working days of formal notification by MOLECULAR MEDICINE.

**4.2 Product Storage.** MOLECULAR MEDICINE agrees to hold SPONSOR'S PRODUCT for up to 90 days after SPONSOR'S acknowledgement of PROJECT Completion or 90 days after MOLECULAR MEDICINE'S notice to SPONSOR of the PROJECT Completion, whichever is shorter. PRODUCT held at MOLECULAR MEDICINE beyond the foregoing Product Storage intervals shall be subject to MOLECULAR MEDICINE'S standard terms and conditions of storage and its standard group storage fees.

**5. Confidentiality.** During the performance of the PROJECT and for five (5) years after the termination or expiration of this Agreement, each party shall treat the trade secrets and other proprietary or confidential information disclosed to such party (the "RECEIVING PARTY") by the other party (the "DISCLOSING PARTY") under this Agreement and marked by the DISCLOSING PARTY as confidential, as the proprietary and confidential information of the DISCLOSING PARTY ("PROPRIETARY INFORMATION"), and shall maintain all PROPRIETARY INFORMATION in strict trust and confidence and shall not disclose any PROPRIETARY INFORMATION to any third party or use any PROPRIETARY INFORMATION except as may be authorized elsewhere in this Agreement or by the DISCLOSING PARTY'S prior written consent. For purposes of this Agreement (i) PROPRIETARY INFORMATION of the SPONSOR shall include the Technical Specifications described in Exhibit A, and (ii) PROPRIETARY INFORMATION of MOLECULAR MEDICINE shall include all DATA.

Not withstanding any other provision of this Agreement, the RECEIVING PARTY shall have no liability or obligation to the DISCLOSING PARTY for, nor be in any way restricted in, its disclosure of or use of any information that:

a) is already known to the RECEIVING PARTY at the time of the DISCLOSING PARTY'S disclosure;

b) is or becomes publicly known by any means other than through a wrongful act of the RECEIVING PARTY, its employees or agents;

c) is received from a third party entitled to make such a transfer without violating an obligation of confidentiality;

d) is independently developed by or for the RECEIVING PARTY;

e) is disclosed in response to an order of a court or other governmental body or regulatory authority with competent jurisdiction over the RECEIVING PARTY; or is otherwise required to be disclosed by law.

6. **Facility Visits.** MOLECULAR MEDICINE shall permit SPONSOR'S representatives to visit MOLECULAR MEDICINE facilities during normal working hours, upon reasonable notice and with reasonable frequency to observe PROJECT progress, discuss the PROJECT with appropriate officials of MOLECULAR MEDICINE, and to inspect records and DATA relevant to the PROJECT. Facility visits shall also be permitted during the DATA retention period.

7. **Use of Names.** SPONSOR shall not use the name of MOLECULAR MEDICINE or its employees in any advertising or sales promotion materials or in any publication without prior written consent of MOLECULAR MEDICINE. MOLECULAR MEDICINE shall not use SPONSOR'S name or the names of SPONSOR'S employees in any advertising or sales promotion materials or in any publication without prior written consent of SPONSOR. Notwithstanding the foregoing, SPONSOR may identify MOLECULAR MEDICINE as the source of the PRODUCT in any regulatory submission associated with the PROJECT without prior written consent.

8. **Regulatory Issues:** SPONSOR acknowledges that the MOLECULAR MEDICINE'S manufacturing technology, as well as any technology licensed to MOLECULAR MEDICINE from third parties, and any information related respectively thereto that is filed with the FDA or other health regulatory authorities in countries other than the United States, is of crucial importance to MOLECULAR MEDICINE and to such licensing parties, as well as to all other SPONSORS benefiting from MOLECULAR MEDICINE'S technology. Such information includes all process related Biologic (Type II) Master Files and Facility (Type V) Drug Master Files. MOLECULAR MEDICINE agrees to provide SPONSOR with letters of cross-reference to all Master Files as appropriate. To assist in preserving the integrity and value of such technology, SPONSOR agrees that it will not, on its own initiative, analyze or engage in any research of such technology that may be reasonably expected to raise safety concerns with the FDA regarding the use of such technology in the PROJECT. If SPONSOR reasonably believes that such a study is necessary, SPONSOR shall consult with MOLECULAR before engaging in such a study. SPONSOR further agrees to promptly notify MOLECULAR MEDICINE of any and all communications and/or concerns expressed by the FDA or any other health regulatory authority relating to the development and manufacture of the PRODUCT including MOLECULAR MEDICINE'S manufacturing technology, and agrees to consult with MOLECULAR MEDICINE to resolve any such concerns with the FDA or such other authority. Non-compliance with the obligation to consult with MOLECULAR MEDICINE to resolve such concerns with the FDA by SPONSOR shall be deemed to be a material breach of SPONSOR'S obligations under this Agreement, permitting MOLECULAR MEDICINE at its sole discretion to terminate immediately all or part of this Agreement pursuant to Section 23.3, in addition to such other rights that MOLECULAR MEDICINE may have under law.

9. **Limited Warranty.** MOLECULAR MEDICINE shall perform the PROJECT with due care in accordance with the Technical Specifications set forth in Exhibit A, Good Manufacturing Practices, and all legal requirements. Any claim by SPONSOR for a breach of such warranty shall be made in writing to MOLECULAR MEDICINE on or before the first anniversary of the date that SPONSOR is notified PRODUCT is complete. The sole remedy of SPONSOR for breach of this warranty shall be, at the SPONSOR'S option, for MOLECULAR MEDICINE to perform the PROJECT again, or to perform again such portions of the PROJECT as may be required to correct the deficiency, or to refund money spent equivalent to the value of work done by MOLECULAR MEDICINE. MOLECULAR MEDICINE SHALL NOT BE RESPONSIBLE FOR GENETIC ALTERATIONS, INCLUDING THE FORMATION OF REPLICATION- COMPETENT VIRUSES (SUCH AS REPLICATION-COMPETENT ADENOVIRUS OR REPLICATION-COMPETENT RETROVIRUS) THAT OCCURS DURING PRODUCTION OF THE PRODUCT. SUCH GENETIC ALTERATIONS SHALL NOT BE THE BASIS

FOR A WARRANTY CLAIM BY SPONSOR. UNDER NO CIRCUMSTANCES SHALL MOLECULAR MEDICINE BE LIABLE TO SPONSOR OR ANY THIRD PARTY CLAIMING BY OR THROUGH SPONSOR FOR ANY CONSEQUENTIAL, SPECIAL, OR OTHER DAMAGES, AND THE WARRANTY SET FORTH HEREIN IS IN LIEU OF ANY AND ALL OTHER WARRANTIES, WHETHER EXPLICIT OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. MOLECULAR MEDICINE'S LIABILITY TO SPONSOR FOR THE BREACH OF ANY TERMS AND CONDITIONS OF THE SPECIFICATIONS SHALL IN NO EVENT EXCEED THE FEE PAID BY SPONSOR TO MOLECULAR MEDICINE IN CONNECTION WITH THE PROJECT.

**10. Indemnification.**

10.1 Indemnification by SPONSOR. SPONSOR shall defend, indemnify and hold harmless MOLECULAR MEDICINE, its members, managers, officers, employees and agents (collectively the "MOLECULAR MEDICINE Indemnitees") from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the manufacture, sale or use of the PRODUCT, provided that SPONSOR shall have no obligation to indemnify the MOLECULAR MEDICINE Indemnitees for any liability, loss, expense (including attorney's fees), or claims for injury or damages arising solely from the negligence or willful misconduct of the MOLECULAR MEDICINE Indemnitees.

10.2 Indemnification by MOLECULAR MEDICINE. MOLECULAR MEDICINE shall defend, indemnify and hold harmless SPONSOR, its officers, directors, employees and agents (collectively the "SPONSOR'S Indemnitees") from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising solely out of the negligence or willful misconduct of the MOLECULAR MEDICINE Indemnitees, provided that MOLECULAR MEDICINE shall have no obligation to indemnify the SPONSOR'S Indemnitees for any liability, loss, expense (including attorneys' fees), or claims for injury or damages arising solely from the negligence or willful misconduct of the Sponsor's Indemnitees.

10.3 Notification. The obligation of either party to indemnify the other pursuant to this Agreement shall be contingent upon timely notification by the indemnitee to the indemnitor of any claims, suit or service of process; control by the indemnitor over the conduct and disposition of any claim, demand or suit; and cooperation by the indemnitee in the defense of the demand or suit.

**11. Payment Terms.** SPONSOR agrees to pay promptly all fees and expenses in accordance with the terms set forth in this Agreement. Failure to timely pay any of such amounts shall be deemed to be a material breach of SPONSOR'S obligations under this Agreement, permitting MOLECULAR MEDICINE at its sole discretion to terminate immediately all or part of this Agreement pursuant to Section 23.3, in addition to such other rights that MOLECULAR MEDICINE may have under law.

**12. Compliance with Law.** SPONSOR will not use, transport, store, or dispose of the PRODUCT in a manner inconsistent with (a) laws, regulations, rules or ordinances applicable to the PRODUCT, including without limitation, all applicable requirements and procedures of the United States Food and Drug Administration, or (b) health and safety standards and procedures generally used in the industry. SPONSOR shall obtain assurance of compliance with the preceding sentence from any of its affiliates, agents, or assignees who use, transport, store, or dispose of the PRODUCT.

13. **Excused Performance.** Neither party shall be responsible for failure or delay in performance of its obligations under or in connection with this Agreement due to causes beyond its reasonable control, including but not limited to acts of God, governmental actions, fire, labor difficulty, shortages, war, revolution, civil disturbances, terrorism, sabotage, blockade, embargo, explosion, transportation problems, interruptions of power or of communication, failure of suppliers or subcontractors, or natural disasters.

14. **Assignment.** This agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors, assigns, legal representatives and heirs. Either party may assign or transfer its rights and obligations under this Agreement to a successor to all or substantially all of its assets or business relating to this Agreement, whether by sale, merger, operation of law or otherwise upon written notice to the other party. SPONSOR has the right to approve assignment of rights and obligations of this agreement to a successor should the nature of business of the assignee compromise the technical position of SPONSOR. If SPONSOR does not approve of the assignee then SPONSOR has the right to terminate the Agreement upon written notice within ten days. In this event SPONSOR will be responsible for cost borne by MOLECULAR MEDICINE to date of termination as well as costs incurred by MOLECULAR MEDICINE that are caused by the termination.

15. **Independent Contractors.** Nothing in this Agreement shall be construed to create any relationship between MOLECULAR MEDICINE and SPONSOR other than of independent contracting parties. Neither party shall have any right, power, or authority to assume, create or incur an expense, liability, or obligation, express or implied, on behalf of the other.

16. **Waiver.** No waiver by either party of any breach of any provision hereof shall constitute a waiver of any other breach of that or any provision of this Agreement.

17. **Severability.** If any part, term or provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected, and the agreement shall remain in full force and effect.

18. **Choice of Law.** This Agreement shall be governed by the laws of the State of California, regardless of the choice of law provisions of California or any other jurisdiction.

19. **Exhibits and Schedules.** All exhibits and schedules attached hereto are hereby incorporated in and made a part of this Agreement as if fully set forth herein.

20. **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. **Entire Agreement.** This Agreement contains the final, complete and exclusive agreement of the parties relative to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements relating to its subject matter. This Agreement may not be changed, modified, amended or supplemented except by a written instrument signed by both parties.

**22. Non-solicitation and non-hire.** SPONSOR agrees not to solicit or hire personnel from MOLECULAR MEDICINE for production or process development of viral vectors for a period of two (2) years after completion of PROJECT unless agreed to in writing by MOLECULAR MEDICINE.

**23. Term and Termination.** The term of this Agreement is from the Effective Date through the completion of projects described in Exhibit A (the "Term"), unless extended upon the agreement of the parties.

23.1 Termination by SPONSOR. SPONSOR may terminate this AGREEMENT at any time for any reason, or no reason, upon thirty (30) days written notice. Upon receipt of notice of termination from SPONSOR, MOLECULAR MEDICINE shall use its best efforts to limit or terminate any outstanding financial commitments for which SPONSOR is to be held responsible. SPONSOR shall reimburse MOLECULAR MEDICINE for all costs incurred by it for services set forth in Exhibit A performed by MOLECULAR MEDICINE prior to the effective date of termination, including all noncancellable obligations. If SPONSOR terminates the Agreement under this Section (23.1) or MOLECULAR MEDICINE terminates this Agreement pursuant to Section (23.3) due to SPONSOR'S breach, in addition to any reimbursable expenses provided for above, SPONSOR is obligated to pay a termination fee equal to ninety four thousand and two hundred and fifty dollars ($94,250). The contract initiation fee represents termination charges. At MOLECULAR MEDICINE'S sole discretion, MOLECULAR MEDICINE will make a good faith effort to reduce this termination fee by replacing lost production time made available by such termination with an alternative production. In this event, MOLECULAR MEDICINE will return any residual portion of SPONSOR'S initiation fee as determined by MOLECULAR MEDICINE. MOLECULAR MEDICINE will co-operate with SPONSOR in the transfer of material and DATA related to SPONSOR'S PROJECT as directed by the SPONSOR. If SPONSOR terminates as provided for in section 23.3, it shall not be obligated for payment of the Termination Fee.

23.2 Termination by MOLECULAR MEDICINE. MOLECULAR MEDICINE may terminate this AGREEMENT at any time for any reason, or no reason, upon thirty (30) days' written notice. Upon giving notice of such termination, MOLECULAR MEDICINE shall use its best efforts to limit or terminate any outstanding financial commitments for which SPONSOR is to be held responsible. SPONSOR shall reimburse MOLECULAR MEDICINE for all costs incurred by it for services set forth in Exhibit A performed by MOLECULAR MEDICINE prior to the effective date of termination, including all noncancellable obligations.

23.3 Termination for Material Breach. Either party shall have the right to terminate this Agreement upon written notice to the other party if, after receiving written notice of a material breach of this Agreement, the other party fails to cure such breach within (i) ten (10) days from the date of such notice concerning a breach of any payment obligation, or (ii) thirty (30) days from the date of such notice pertaining to all other breaches.

23.4 Surviving Obligations. Termination or expiration of this Agreement shall not affect any accrued rights of either party. The terms of Sections 2, 3.1, 3.3,3.6, 4.2, 5, 7, 8, 9, 10, 11, 12, 18, 19, 21,22, 23 and 25 of this Agreement shall survive termination of this Agreement.

23.5 Notice. Notice of termination shall be in writing, by registered mail, to the terminated party.

**24. Additional Projects.** The parties acknowledge that from time to time SPONSOR may request MOLECULAR MEDICINE to undertake additional projects involving production services. In such event, the parties shall agree upon new Exhibits A, B, and C for each project, with such exhibits to reference this Agreement. Except as set

forth in such revised exhibits, all other terms and conditions of this Agreement shall apply to subsequent projects.

**25. Notices.** All notices required or permitted to be given under this Agreement shall be in writing and shall be (a) mailed by registered or certified first-class mail, return receipt requested, (b) mailed by Federal Express or other overnight delivery service, (c) transmitted by facsimile, or (d) delivered personally. Such notices will be deemed to have been sufficiently given for all purposes (i) five (5) days after mailing by registered first class mail, (ii) two (2) days after sending by overnight delivery service, (iii) the same day if sent by facsimile transmission with electronic confirmation of transmission if transmission is confirmed during the recipient's normal business hours, or otherwise on the recipient's next business day, or (iv) immediately if personally delivered. Unless otherwise specified in writing, any notices will be sent to the following addresses:

If to MOLECULAR MEDICINE:

MOLECULAR MEDICINE BIOSERVICES, INC.
11772 Sorrento Valley Road
Suite 200
San Diego, CA 92121
Attention: Renee Bozeat
c/o Greg Cerra

If to SPONSOR:

GENEMAX CORPORATION
400 – 1681 Chestnut Street
Vancouver, British Columbia V6J 4M6

Attention: Tim Vitalis Ph.D.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

MOLECULAR MEDICINE BIOSERVICES, INC.

| | | |
|---|---|---|
| By: | /s/ David Backer | 3/18/03 |
| | David Backer<br>President | Date |

GENEMAX CORPORATION

| | | |
|---|---|---|
| By: | /s/ Ronald Handford | 3/18/03 |
| | Ronald Handford<br>CEO | Date |

Exhibit 10.6

**NIAID BIOLOGICAL MATERIALS TRANSFER AGREEMENT**

This **Agreement** is entered into by the National Institute of Allergy and Infectious Diseases ("NIAID"), an institute of the National Institutes of Health (**"NIH"**), which is part of the U.S. Public Health Service (**"PHS"**) and the Department of Health and Human Services (**"DHHS"**), an agency of the U.S. Government, having an address at 6610 Rockledge Drive, Room 4071, Bethesda, Maryland 20892, U.S.A. and GeneMax Pharmaceuticals Inc. ("**Recipient**"), a corporation of Delaware, having an office at 400 — 1681 Chestnut Street, Vancouver BC V6J 4M6, Canada.

1. Definitions:

    a. **"Materials"** means the following biological materials: Modified Vaccinia Ankara (MVA) virus 572.FHE-22.02.1974, as described in Mayr et al., Passage history, properties and applicability of the attenuated vaccinia virus strain MVA, *Infection* 3:6-14 (1975) and which was plaque purified by Dr. Bernard Moss of the NIAID.

    b. **"Commercial Products"** means a Modified Vaccinia Ankara (MVA) Vaccine, which includes **Materials** or its derivatives.

2. **Recipient** wishes to use the **Materials** provided under this **Agreement** in its internal commercial research, product development and marketing of **Commercial Products**. **Recipient** represents that it has the facilities, personnel, and expertise to use the **Materials** for such commercial purposes and agrees to expend reasonable efforts and resources to develop **Commercial Products** in a timely manner using the **Materials**.

3. **NIAID** hereby grants to **Recipient** worldwide, non-exclusive rights to make, have made, and use the **Materials** and to make and have made, to use and have used, to sell and have sold, and to offer to sell **Commercial Products** in the Field of Use of Smallpox Vaccines.

4. To the extent permitted by law, **Recipient** agrees to treat in confidence, for a period of three (3) years from the date of its disclosure, any of **NIAID's** written information about the **Materials** that is stamped **"CONFIDENTIAL,"** except for information that was previously known to **Recipient** or that is or becomes publicly available or which is disclosed to **Recipient** without a confidentiality obligation. Any oral disclosures from **NIAID to Recipient** shall be identified as being **CONFIDENTIAL** by notice delivered to **Recipient** within ten (10) days after the date of the oral disclosure. **Recipient** may publish or otherwise publicly disclose the results of its research activities with the **Materials,** but if **NIAID** has given **CONFIDENTIAL** information to **Recipient** such public disclosure may be made only after **NIAID** has had thirty (30) days to review the proposed disclosure to determine if it includes any **CONFIDENTIAL** information, except when a shortened time period under court order pertains.

5. **Recipient** agrees to provide a written report to **NIAID** within sixty (60) days after the end of each calendar year during the term of this **Agreement**. This report shall document the progress made towards producing a smallpox vaccine and list all activities and results obtained using the **Materials** during the preceding calendar year. **Recipient** shall submit these reports to **NIAID** at the Mailing Address for Notices indicated on the Signature Page of this **Agreement**.

6. **Recipient** agrees to provide, at no charge, the laboratory of Dr. Bernard Moss at **NIAID** reasonable quantities of **Materials and Commercial Products** that **Recipient** makes, uses, sells, or offers for sale or otherwise makes available for public use under terms no more restrictive than those of the NIH Simple Letter Agreement (Federal Register [64 FR 72090] p. 72094).

7. **Recipient** agrees to retain control over the **Materials**, and not to distribute them to third parties without the prior written consent of **NIAID** a) except as permitted in Paragraph 3 and b) except that **Recipient** may transfer the **Materials** to its contractor for the sole purpose of developing **Licensed Products** or **Licensed Processes**. In the case of b) above, **Recipient** agrees to notify the **NIAID** in writing and to ensure that the

agreement between **Company** and the contractor will be consistent with the **Company's** obligations under this **Agreement.**

**8.** **Recipient** agrees that this **Agreement** does not preclude **NIAID** from distributing the **Materials** to third parties for research or commercial purposes.

9. By this **Agreement, NIAID** grants no patent rights expressly or by implication to any anticipated or pending **NIAID** patent applications or issued patents.

10. NO WARRANTIES, EXPRESS OR IMPLIED, ARE OFFERED AS TO THE MERCHANTABILITY OR FITNESS FOR ANY PURPOSE OF THE **MATERIALS** PROVIDED TO **RECIPIENT** UNDER THIS **AGREEMENT,** OR THAT THE **MATERIALS** OR **COMMERCIAL PRODUCTS** MAY BE EXPLOITED WITHOUT INFRINGING THE PATENT RIGHTS OF ANY THIRD PARTIES. **Recipient** accepts transfer of the **Materials** "as is", and **NIAID** does not offer any guarantee of any kind.

**11.** **Recipient** agrees to indemnify and hold harmless the United States Government from any claims, costs, damages, or losses that may arise from or through **Recipient's** use of the **Materials** or **Commercial Products. Recipient** further agrees that it will not by its action bring the United States Government into any lawsuit involving the **Materials** or **Commercial Products.**

**12.** **Recipient** agrees in its use **of Materials** to comply with all applicable statutes, regulations, and guidelines, including **PHS** and **DHHS** regulations and guidelines. **Recipient** agrees not to use the **Materials or** the **Commercial Products** for research involving human subjects or clinical trials in the United States without complying with 21 C.F.R. Part 50 and 45 C.F.R. Part 46. **Recipient** agrees not to use the **Materials** or **Commercial Products** for research involving hitman subjects or clinical trials outside of the United States without notifying **NIAID,** in writing, of such research or trials and complying with the applicable regulations of the appropriate national control authorities. Written notification to NIAID of research involving human subjects or clinical trials outside of the United States shall be given no later than sixty (60) days prior to commencement of such research or trials.

**13.** **Recipient** may terminate this **Agreement** upon sixty (60) days written notice to **NIAID.**

**14.** **NIAID** may terminate this **Agreement** if **Recipient** is in default in the performance of any material obligation under this **Agreement,** and if the default has not been remedied within ninety (90) days after the date of written notice by **NIAID** of such default.

15. Upon termination of this **Agreement, Recipient** agrees to return all **Materials** and **Commercial Products** to **NIAID,** or provide **NIAID** with certification of their destruction.

16. Within ninety (90) days of termination of this **Agreement, Recipient** agrees to submit a final report to **NIAID** that specifies all activities and results related to use of **Materials** and **Commercial Products** by **Recipient.**

17. This **Agreement** shall be construed in accordance with U.S. Federal law, as interpreted and applied by the U.S. Federal courts in the District of Columbia. Federal law and regulations will preempt any conflicting or inconsistent provisions in this **Agreement. Recipient** agrees to be subject to the jurisdiction of U.S. courts.

18. This **Agreement** constitutes the entire understanding of NIAID and **Recipient** and supersedes all prior agreements and understandings with respect to the **Materials.**

19. This **Agreement** shall become effective on the date when the last party has signed this **Agreement.**

20. The provisions of this **Agreement** are severable, and in the event that any provision of this **Agreement** shall be determined to be invalid or unenforceable under any controlling body of law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions of this **Agreement.**

21. Each Party has caused this Agreement to be executed on its behalf in duplicate, each of which shall be deemed to be an original.

22. Paragraphs 4, 10, 11, 12, 15, 17, 18, 20, and 22 shall survive termination of this **Agreement.**

**SIGNATURES BEGIN ON NEXT PAGE**

**NIAID BIOLOGICAL MATERIALS TRANSFER AGREEMENT**

**SIGNATURE PAGE**

In Witness Whereof, the parties have executed this **Agreement** on the dates set forth below. Any communication or notice to be given shall be forwarded to the respective addresses listed below.

For **NIAID:**

Michael R. Mowatt Date 10 Oct 2003

Michael R. Mowatt, Ph.D.
Director, Office of Technology Development

Mailing Address for Notices: OFFICE OF TECHNOLOGY DEVELOPMENT
NIAID, NTH
6610 Rockledge Drive Room 4071
Bethesda MD 20892-6606

Tel: 301/496-2644 Fax: 301/402-7123

**For Recipient** (Upon, information and belief, the undersigned expressly certifies or affirms that the contents of any statements **of Recipient** made or referred to in this document are truthful and accurate.):

By: GeneMax Pharmaceuticals Inc.

Signature of Authorized Official Date 21 Oct 2003

Ronald L. Handford
President & CEO

Official and Mailing Address for Notices:

GeneMax Pharmaceuticals Inc.
400-1681 Chestnut Street,
Vancouver B.C.
Canada
V6J4M6

Any false or misleading statements made, presented, or submitted to the U.S. Government, including any relevant omissions, under this **Agreement** and during the course of negotiation of this **Agreement** are subject to all applicable civil and criminal statutes including Federal statutes 31 U.S.C. §§ 3801-3812 (civil liability) and 18 U.S.C. § 1001 (criminal liability including fine(s) and/or imprisonment).

EXHIBIT 21

SUBSIDIARIES

| Name | Jurisdiction of Incorporation |
| --- | --- |
| GeneMax Pharmaceuticals Inc. | Delaware |
| GeneMax Pharmaceuticals Canada Inc. | British Columbia, Canada |

EXHIBIT 23.1

DALE MATHESON CARR-HILTON LABONTE
CHARTERED ACCOUNTANTS

Partnership of:
Robert J. Burkart, Inc.
Alvin F. Dale, Ltd.
Wilfred A. Jacobson, Inc.
Robert J. Matheson, Inc.
Brian A. Shaw, Inc.
James F. Carr-Hilton, Ltd.
Peter J. Donaldson, Inc.
Reginald J. LaBonte, Ltd.
Fraser G. Ross, Ltd.
Anthony L. Soda, Inc.

April 15, 2005

The Board of Directors
GeneMax Corp.

We consent to the inclusion in the annual report on Form 10-KSB of GeneMax Corp. of our Report to the Stockholders and Board of Directors dated March 17, 2005 on the consolidated balance sheets of GeneMax Corp. as at December 31, 2004 and 2003 and the consolidated statements of operations, stockholders' equity and cash flows for the years then ended and for the period from July 27, 1999 (inception) to December 31, 2004 which report appears in the December 31, 2004 annual report on Form 10-KSB of GeneMax Corp.

"Dale Matheson Carr-Hilton LaBonte"

**DALE MATHESON CARR-HILTON LABONTE**
**Chartered Accountants**

Exhibit 31.1

CERTIFICATION

I, Konstantin Sarafis, certify that:

1. I have reviewed this annual report on Form 10-KSB of GeneMax Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 15, 2005

By: *"Konstantine Sarafis"*

Konstantine Sarafis, President, Chief Executive Officer and Director

Exhibit 31.2

CERTIFICATION

I, Edward Farrauto, certify that:

1. I have reviewed this annual report on Form 10-KSB of GeneMax Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 15, 2005

*"Edward Farrauto"*

Edward Farrauto, Chief Financial Officer/Treasurer

Exhibit 32.1

CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE

In connection with the annual report of GeneMax Corp. (the "company") on Form 10-KSB for fiscal year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

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

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

Date: April 15, 2005

*"Konstantine Sarafis"*

Konstantine Sarafis, President, Chief Executive Officer and Director

Exhibit 32.2

CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE

In connection with the annual report of GeneMax Corp. (the "company") on Form 10-KSB for fiscal year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

3. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

4. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: April 15, 2005

*"Edward Farrauto"*

Edward Farrauto, Chief Financial Officer/Treasurer