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Q1 2010 Canadian Healthcare Review

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Financing

Public Canadian healthcare companies completed equity and convertible debt financings during this quarter for total gross proceeds of \$236.0 million (Appendix 1). The largest financing in the sector was the only financing in the Services group, \$86.3 million by Extencare. The largest financing in the Therapeutics group was \$34.5 million from a rights offering by Wex Pharmaceuticals, with 97.6% of the shares being issued to its largest shareholder. Excluding these two financings, the rest of the sector raised \$115.2 million.

Other financing vehicles also provided some current and future funds for companies. Merck advanced US\$25 million to Cardiome under a secured, interest-bearing credit facility which is a component of their partnership for vernakalant. Allon Therapeutics and Resverlogix established Standby Equity Distribution Agreements (SEDAs) for \$10 million and \$25 million, respectively, but have not yet made any draw downs under these agreements. Bioniche Life Sciences received US\$8 million in milestone payments under its partnership with Endo.

Share Price Performance

The share price performance of 32 larger Canadian healthcare companies (Appendix 2) showed mixed results in Q1 2010. Decliners outnumbered advancers by 17 to 15. The Therapeutics group had the best average return, led by Resverlogix (+185%).

| | Price Change | |
|-------------------------------------|--------------|-------|
| | Q1 2010 | 2009 |
| Therapeutics (15 companies) | +12% | +53% |
| Devices & Diagnostics (5 companies) | -2% | +149% |
| Services (7 companies) | +3% | +140% |
| Others (5 companies) | -13% | +139% |
| Healthcare Sector (32 companies) | +4% | +100% |
| TSX Composite Index | +2% | +31% |
| TSX Venture Composite Index | +4% | +93% |
| NASDAQ Biotech Index | +11% | +16% |
| <i>Source: TSX Connect</i> | | |

Events

Three U.S. FDA regulatory decisions were expected in Q1 by Canadian companies. There was a positive decision for Labopharm, which announced FDA approval of OLEPTRO (once-daily trazodone) just prior to its PDUFA date. There was a negative decision for IntelGenx, which received a Complete Response Letter listing qualification of a commercial manufacturing site and the food effect as the two main issues for CPI-300. Since IntelGenx had announced a manufacturing site change for CPI-300 earlier in Q1, FDA approval was not expected. Finally, there was a no decision for Theratechnologies which had an FDA advisory committee meeting on tesamorelin rescheduled for May 27 and the PDUFA date extended to July 27th. The three month delay was particularly frustrating because it was an administrative delay, which the FDA informed Theratechnologies was entirely procedural.

Selected Clinical, Regulatory and Partnering Events in Q1 2010

| Company | Event |
|------------------------|--|
| Aeterna Zentaris | Partner Keryx announced SPA agreement with FDA for Phase 3 trial of perifosine in the treatment of refractory metastatic colorectal cancer |
| Atrium Innovations | Acquired Trophic Canada, which manufactures and distributes 150 vitamin, mineral and herbal supplements in Canada |
| Bioniche | Received US\$8 million in milestone payments from Endo, which also acquired global development and marketing rights to Urocidin and will assume all external development expenses |
| Biovail | Acquired U.S. & Canadian rights to AZ-004 (loxapine administered via deep lung inhalation) from Alexza, which submitted a NDA to the U.S. FDA in Dec. 2009 |
| Cangene | European Commission approval to market ImmunoGam (Human Hepatitis B Immunoglobulin) |
| ConjuChem | Filed for court protection under CCAA |
| Dragon Pharma | Announced going private transaction |
| Haemacure | Sold its assets to Angiotech, its secured creditor |
| IMRIS | Regulatory approvals in Korea and Australia; acquired MRI-compatible neurosurgical robot system |
| Isotechnika | Partner Lux filed a NDA with the U.S. FDA and a MAA with the European Medicines Agency for voclosporin (LUVENIQ) |
| MDS | Completed share buyback; completed sale of assets in non-core businesses |
| Oncolytics Biotech | Approval from the U.K. MHRA for its Phase 3 trial of REOLYSIN/paclitaxel/carboplatin in platinum-refractory head and neck cancers |
| Ondine Biopharma | U.S. FDA accepted for filing the PMA application for the Periowave Photodisinfection System for the treatment of chronic periodontitis |
| Prometic Life Sciences | Collaboration with Abraxis to develop and commercialize ProMetic's prion capture technology platform; Abraxis provided US\$13 million in equity/convertible debt financing to Prometic |
| Protox Therapeutics | Achieved the primary clinical endpoint in Phase 2b study of PRX302 in patients with moderate to severe benign prostatic hyperplasia |
| Paladin Labs | Strategic investments in Pharmaplan, South Africa's leading independent specialty pharmaceutical company, and also in SpePharm, a specialty pharmaceutical company focused on acquiring, registering and marketing specialty medicines throughout Europe |
| Spectral Diagnostics | U.S. FDA granted IDE approval for Toraymyxin, allowing the Company to conduct a pivotal trial in the U.S. |
| SXC Health Solutions | Signed new and renewal PBM contracts |
| Tekmira | Initiated a new research collaboration with Pfizer |
| Thallion | Completed development and commercialization agreement for Shigamabs with LFB Biotechnologies |
| YM BioSciences | Completed acquisition of Cytopia |

Source: Company releases and regulatory filings

Appendix 1. Financings By Canadian Healthcare Companies in Q1 2010

| COMPANY | TICKER | SECTOR | EQUITY | CONVERTIBLE DEBT | WARRANTS (%) | NOTES |
|-------------------------|--------|----------|--------|------------------|--------------|-------|
| (C\$ million) | | | | | | |
| January | | | | | | |
| Wex Pharmaceuticals | WXI | Thera | 34.51 | | | 7 |
| Resverlogix | RVX | Thera | 8.00 | | 25 | 6 |
| Labopharm | DDS | Thera | 1.00 | | | |
| Sirona Biochem | SBM | Thera | 0.22 | | 100 | |
| TearLab | TBI | D&D | 1.74 | | | 1, 4 |
| Neovasc | NVC | D&D | 1.33 | | 50 | |
| EnWave | ENW | Other | 3.50 | | 50 | |
| February | | | | | | |
| Labopharm | DDS | Thera | 23.00 | | 50 | 1 |
| Microbix | MBX | Thera | 1.30 | | | |
| PharmaGap | GAP | Thera | 0.86 | | 100 | |
| Extencicare | EXE.UN | Services | 86.29 | | | |
| Novadaq | NDQ | D&D | 7.41 | | 20 | |
| Neovasc | NVC | D&D | 0.21 | | 50 | |
| ProMetic Life Sciences | PLI | Other | 3.00 | | | 1, 8 |
| ProMetic Life Sciences | PLI | Other | | 10.00 | | 1, 8 |
| March | | | | | | |
| YM BioSciences | YM | Thera | 17.50 | | 50 | 1 |
| Spectral Diagnostics | SDI | Thera | 5.50 | | 50 | 6 |
| Protox Therapeutics | PRX | Thera | 5.10 | | 50 | |
| SemBioSys Genetics | SBS | Thera | 1.78 | | | |
| Osta Biotechnologies | OBI | Thera | 0.50 | | 50 | |
| TSO3 | TOS | D&D | 16.00 | | | |
| TearLab | TLB | D&D | 5.00 | | 40 | 1, 4 |
| TearLab | TLB | D&D | 1.26 | | | 1, 4 |
| VentriPoint Diagnostics | VPT | D&D | 0.94 | | | |
| Quarterly Total | | | 225.95 | 10.00 | | |

| FINANCINGS ANNOUNCED BUT NOT COMPLETED BY MARCH 31 | | | | | | |
|--|-----|-------|------|--|-----|---|
| MethylGene | MYG | Thera | 8.90 | | | 2 |
| Orbus Pharma | ORB | Thera | 8.00 | | | |
| Biosign | BIO | D&D | 4.50 | | | |
| Bradmer Pharma. | BMR | Thera | 1.00 | | | |
| CardioComm Solutions | EKG | D&D | 0.50 | | 100 | |
| Miraculins | MOM | D&D | 0.50 | | 100 | |

| OTHER FINANCING VEHICLES | | | | | | |
|--------------------------|--------|--------|------------|-------------|--|-------|
| COMPANY | TICKER | SECTOR | VEHICLE | AMOUNT | | NOTES |
| Allon Therapeutics | NPC | Thera | SEDA | \$10.00 M | | 5 |
| Bioniche Life Sciences | BNC | Thera | License | US\$8.00 M | | |
| BioWest Therapeutics | BWE | Thera | Reorg. | \$4.00 M | | 3 |
| Cardiome | COM | Thera | Debt | US\$25.00 M | | 8 |
| iCo Therapeutics | ICO | Thera | Warrants | \$0.97 M | | |
| InNexus | IXS | Thera | Debt | US\$1.00 M | | |
| Isotechnika | ISA | Thera | Asset Sale | \$2.00 M | | |
| Medicago | MDG | Thera | Warrants | \$0.86 M | | |
| Quest Pharmatech | QPT | Thera | Debt | \$1.00 M | | |
| Resverlogix | RVX | Thera | SEDA | \$25.00 M | | 5 |
| BioSyntech | BSY | D&D | Debt | \$1.00 M | | |
| Novadaq | NDQ | D&D | License | \$1.00 M | | |
| Titan Medical | TMD | D&D | Warrants | \$1.20 M | | |
| Sonomax | SHH | Other | Reorg. | \$1.74 M | | |
| Thallion | TLN | Thera | License | \$2.10 M | | |

Source: Company releases and regulatory filings

Notes:

Sectors: Therapeutics (Thera); Services; Devices & Diagnostics (D&D); Other

1. Financing in US\$; converted to C\$ using the factor US\$1.00 = C\$1.00

2. Corporate reorganization

3. Formerly Migenix

4. Formerly OccuLogix

5. SEDA = Standby Equity Distribution Agreement; amount is the maximum available

6. Second tranche of a financing; first tranche announced in December 2009

7. Rights offering

8. By a corporate partner

Appendix 2. Share Price Performance in Q1 2010

| SECTOR/COMPANY* | Closing Share Price (C\$) | | Change (%) |
|----------------------------|---------------------------|------------|------------|
| | Dec. 31/09 | Mar. 31/10 | |
| Therapeutics | | | |
| Resverlogix | \$2.42 | \$6.89 | 185% |
| Cardiome Pharma | \$4.64 | \$6.70 | 44% |
| Paladin Labs | \$19.75 | \$24.95 | 26% |
| Biovail | \$14.68 | \$16.99 | 16% |
| Oncolytics Biotech | \$2.75 | \$3.20 | 16% |
| Theratechnologies | \$4.43 | \$5.08 | 15% |
| BioMS Medical | \$0.33 | \$0.35 | 6% |
| QLT | \$5.23 | \$5.21 | 0% |
| Aeterna Zentaris | \$0.85 | \$0.81 | -5% |
| Helix BioPharma | \$3.21 | \$2.75 | -14% |
| Cangene | \$5.10 | \$4.30 | -16% |
| YM BioSciences | \$1.45 | \$1.18 | -19% |
| Nuvo Research | \$0.32 | \$0.26 | -20% |
| Transition Ther. | \$3.72 | \$2.86 | -23% |
| Labopharm | \$2.18 | \$1.46 | -33% |
| | | Average | 12% |
| Diagnostics/Devices | | | |
| IMRIS | \$5.30 | \$6.64 | 25% |
| MDS | \$8.19 | \$8.18 | 0% |
| Novadaq | \$2.80 | \$2.65 | -5% |
| SQI Diagnostics | \$2.60 | \$2.27 | -13% |
| Angiotech Pharmaceuticals | \$1.31 | \$1.11 | -15% |
| | | Average | -2% |
| Services | | | |
| SXC Health Solutions | \$57.30 | \$68.77 | 20% |
| K-Bro | \$13.48 | \$15.50 | 15% |
| Extendicare | \$9.52 | \$10.47 | 10% |
| Chartwell | \$7.03 | \$7.25 | 3% |
| Patheon | \$2.58 | \$2.50 | -3% |
| CML Healthcare | \$13.84 | \$12.66 | -9% |
| Centric Health | \$0.84 | \$0.71 | -15% |
| | | Average | 3% |
| Others | | | |
| Atrium Innovations | \$15.76 | \$16.67 | 6% |
| GLG Life Tech | \$8.15 | \$8.00 | -2% |
| Neptune | \$2.16 | \$2.01 | -7% |
| Noveko | \$1.85 | \$1.30 | -30% |
| Afexa | \$0.77 | \$0.53 | -31% |
| | | Average | -13% |
| Sector Average | | | 4% |

Source: TSX Connect

* These are the companies with larger market caps in each industry group which are more likely to be owned by institutional investors.

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