

# Phenomenome Discoveries Inc.

*Information Memorandum*



May 2016

# Transaction Overview

## **Transaction Overview**

**Phenomenome Discoveries Inc.** (“**PDI**” or the “**Company**”) is a life-sciences company that was incorporated in December 2000 and is currently seeking interest in a sale (the “**Transaction**”) of substantially all of the Company’s assets, whether in whole, groups, or individual parts.

This Information Memorandum (*this “**Information Memorandum**”*) relates to a Transaction for the Company.

**FTI Consulting Canada Inc.**, (“**FTI Consulting**”) has been authorized by the Court to act as an agent of the Company with respect to the Transaction. All communications or inquires relating to a Transaction and the Company should be directed to FTI Consulting.

The Company is currently in Receivership under an Order of the Court of Queen’s Bench for Saskatchewan (the “**Court**”) Any Transaction concerning the assets of the Company will be subject to Court approval. The sales and marketing process (the “**Sales Process**”) has been approved by the Court and all of the Company’s assets will be sold.

In order to participate in the Sales Process, each prospective purchaser must deliver an executed non-disclosure agreement (“**NDA**”) to FTI Consulting. Prospective purchasers will be asked to submit their bids along with a duly executed sale and purchaser agreement (“**SPA**”) in the form substantially available in the Company’s virtual data room. In order to submit a qualified bid a prospective purchaser must deliver a fully executed SPA by July 29, 2016, along with a 10% deposit and evidence of financial commitment or other evidence of the ability to consummate the sale in a form satisfactory to FTI Consulting.

Please reference the Transaction timeline on the following page for key dates and contact one of the FTI Consulting team members listed below with any questions regarding a Transaction.

Jamie T Engen

[Jamie.Engen@FTIConsulting.com](mailto:Jamie.Engen@FTIConsulting.com)

+1.604.417.7375

Brett Wilson

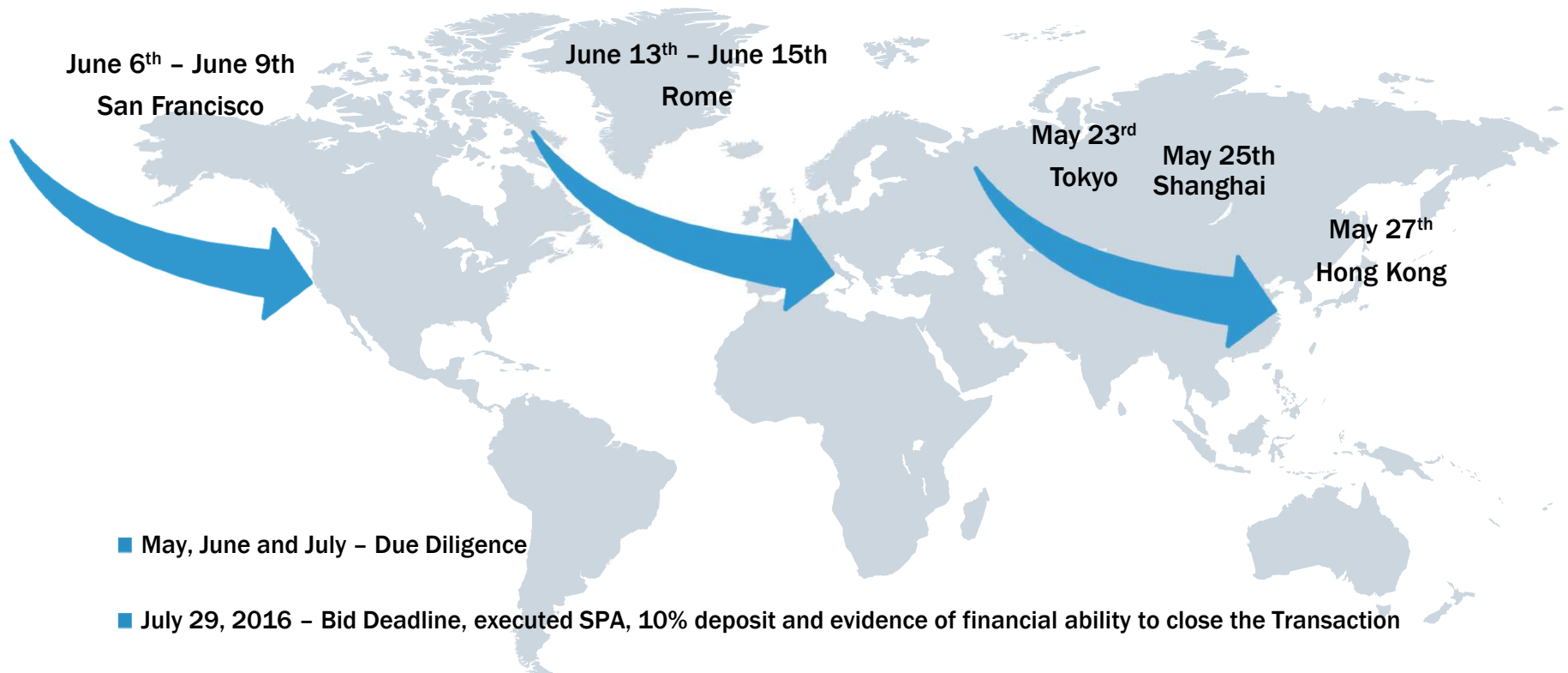
[Brett.Wilson@FTIConsulting.com](mailto:Brett.Wilson@FTIConsulting.com)

+1.403.454.6033

# Transaction Timeline

## Transaction Timeline

- April, May and June – Initial Due Diligence and Marketing Road Show



- May, June and July – Due Diligence
- July 29, 2016 – Bid Deadline, executed SPA, 10% deposit and evidence of financial ability to close the Transaction
- August – Court approval of sale
- September 2, 2016 – Closing

# Company Overview

## Company Overview

- PDI is a health research company with a novel and patented biomarker discovery platform that can perform non-targeted and comprehensive scan of metabolites in biological fluids. The Company uses this technology to discover biochemical imbalances that cause disease, design risk assessment tools to measure these imbalances, and to develop disease prevention therapeutics to restore health balance.
- PDI is based in Saskatoon, Saskatchewan, Canada. Through its collaborations and partnerships with researchers and companies worldwide, PDI is a global health research company. Recent Company milestones include:
  - College of American Pathologists (“CAP”) and Clinical Laboratory Improvement Amendments (“CLIA”) certification for its medical laboratory (required for blood test sales in the United States);
  - Health Canada approval for its patented diagnostic tests (Cologic®, PanaSee™ and AlzID™);
  - Commercialization Partnerships
    - Canada – exclusive license for current tests in all provinces except Saskatchewan (PDI retains commercial rights)
    - Japan – non-exclusive license for Cologic® and non-exclusive license for Cologic® and PanaSee™ ;
- PDI believes that effective disease prevention starts with the accurate and precise measurement of disease risk that is actionable. After taking a small sample of blood from an individual, the Company analyzes naturally occurring biomarkers for diseases in a safe, easy, and understandable manner. If someone has too little, or too much, of one of these markers, they may have increased risk of developing a disease in their lifetime. With proper, targeted intervention, the Company believes that restoration to optimal levels is possible. By monitoring and adjusting people regularly and early enough in their lives, the Company may potentially delay or prevent the onset of disease.
- PDI sees a future where everyone is cared for worldwide with easy-to-access tests. Their goal is to deliver such tests with companion therapies designed to correct prodromal imbalances based on the body’s natural biochemistry. In this manner, diseases can, and will, be prevented before they even have a chance to develop.

***The Company has developed a drug, Prevene™, currently manufactured by its ISO certified team that may prevent the onset of Alzheimer’s Disease and potentially modify both the course and severity of those who already have the disease with the possibility of a cure in very early cases. The same drug may put Multiple Sclerosis into remission and help people with Parkinson’s disease. The Company is encouraged by the results of the pre-clinical trials and the first clinical trials of the drug will begin this year. It is estimated the clinical trials will last approximately two years.***

# Asset Overview

## **Asset Overview**

- The assets of the Company can be divided into six distinct groups. The assets are being offered for sale in these individual groups, prospective purchasers can bid on individual assets groups as described below or on all of the assets of the Company. Prospective Purchasers will be asked to allocate their purchase price between the groups of assets. The six asset groups are as follows:

### **Diagnostic Testing Unit** – The Phenomenome Clinical Analyzer Platform

- The Company has developed a proprietary analytical platform with a 1000 sample/day/system throughput that can be installed in any laboratory around the world. The system is manufactured to ISO 13485:2003 standards and is FDA-compliant. The platform is a closed-system that includes sample preparation, mass spectrometry, software and direct patient/doctor reporting.

### **Cancer Diagnostics** – Tests which are developed and in use as well as others which are ‘in development’

- Regulatory approved risk assessment test kits for the quantitative determination of the Company’s diagnostic markers for colorectal cancer (Cologic®), pancreatic cancer (PanaSee™) and Ovarian cancer (OvAware™) which is scheduled to be approved in 2016.

### **Neurological Diagnostics** – Tests which developed and in use as well as others which are ‘in development’

- Regulatory approved risk assessment test kits for Alzheimer’s disease. Patented diagnostic discovery platform with a pipeline of pre-commercial diagnostic markers in additional diseases such as multiple sclerosis, autism, bipolar disorder, schizophrenia, and depression.

### **Therapeutics** – Drugs which are currently in trials to treat Alzheimer's, Parkinson's and other diseases

- The Company has discovered a novel disease modifying target for the treatment of Alzheimer’s Disease (AD). This target has been validated in several large case-control and longitudinal population studies involving thousands of subjects. The Company’s lead drug candidate is orally bioavailable and restores the target to a healthy condition and will be entering human trials in 2016. The Company also has therapeutic programs ready to enter human testing in Parkinson’s Disease and the rare genetic pediatric disease Rhizomelic Chondrodysplasia Punctata (RCDP) in 2016. The Company’s drug products are protected with composition of matter and use patents.

### **Laboratory**

- Phenomenome Laboratory Services Inc. (PLSI) is a wholly owned subsidiary of PDI. PLSI is CAP/CLIA certified to process samples from its Cologic® and PanaSee™ partners, is ISO17025 compliant and has a Class IX medical laboratory license from the College of Physician and Surgeons of Saskatchewan (CPSS), the first provincial medical laboratory testing license issued in Saskatchewan in over 30 years.

### **Tax Losses**

- The company currently has approximately \$21 million of tax losses which are available to be sold.

# Asset Portfolio



## Asset Portfolio

- PDI, as a whole, possesses a unique combination of approved diagnostic tests, promising therapeutics with significant upside
- PDI is seeking interest in a sale of its assets either through one transaction or multiple transactions to one or more purchasers.

Diagnostics	Therapeutics	Laboratory	Tax Losses
<ul style="list-style-type: none"> <li>• Research Platform;</li> <li>• Commercial Platform;</li> <li>• Approved Tests                             <ul style="list-style-type: none"> <li>- Cologic®</li> <li>- PanaSee™</li> <li>- Alz-ID™</li> </ul> </li> <li>• Pipeline                             <ul style="list-style-type: none"> <li>- OvAware™</li> <li>- 18 other diseases in development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• ISO certified Manufacturing facility</li> <li>• PPI-1011                             <ul style="list-style-type: none"> <li>- Alzheimer's Disease</li> <li>- Parkinson's Disease</li> </ul> </li> <li>• PPI-1011/1017/1025                             <ul style="list-style-type: none"> <li>- Multiple Sclerosis</li> <li>- RCDP</li> </ul> </li> <li>• PPI-1040                             <ul style="list-style-type: none"> <li>- acute plasmalogen restoration</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• CAP/CLIA Certified;</li> <li>• Provincial Medical Lab License</li> <li>• Advanced Mass spectrometry equipment and expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Approximately \$21 million</li> </ul>

- Please direct all enquiries to the following professionals at FTI Consulting

Jamie T Engen

[Jamie.Engen@FTIConsulting.com](mailto:Jamie.Engen@FTIConsulting.com)

+1.604.417.7375

Brett Wilson

[Brett.Wilson@FTIConsulting.com](mailto:Brett.Wilson@FTIConsulting.com)

+1.403.454.6033