

## Executive Summary

Kinexus discovers and tracks disease diagnostic biomarkers and therapeutic drug targets called protein kinases. These enzymes are the master control proteins in all cells. They function within complex molecular communications networks. Information about protein kinases is vital to the pharmaceutical industry for the accurate diagnosis and treatment of over 400 diseases of unmet medical need, including cancer, diabetes, stroke, and Alzheimer's. Kinexus is developing the capability to undertake the detailed characterization of over 500 human protein kinases and thousands of their targets. We are creating the world's first atlas of high resolution maps of cell communications systems that are reflective of gender, tissue, age and health/disease status. Kinexus has developed proprietary, high throughput, methods, including protein microarray chips, that track the amounts and activation states of protein kinases in tissues and cells with specific antibody probes. We have built a protein kinase information databank that is unparalleled for its breadth and depth. We are mining this unique databank using bioinformatics for disease biomarker discovery and rational drug target selection. We plan to utilize these drug targets in partnerships with our clients for the development of new medicines and diagnostic tests. These activities will advance personalized medicine by our clients and partners for improved diagnosis and customized treatments of the major diseases that are responsible for most of the death, suffering and economic burden in Canada, the U.S. and other developed countries. After a 6 year equity financing hiatus, Kinexus is now considering a new round of private financing as a mezzanine round to an IPO on a junior stock exchange.

## KINEXUS BIOINFORMATICS

### Corporate Information



- 20 employees
- 5000 square feet lab/office facility
- Unique and integrated proteomics services platform
- Over 950 clients world-wide
- >93% of our clients rate our services as good to excellent

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Kinexus uses state-of-the-art facilities in a multi-tenant facility located on the main campus of the University of British Columbia. Over the last eight years, Kinexus has performed its proteomics services for more than 100 companies and 750 academic/government laboratories. We have provided our services for over 200 senior investigators in industry labs. We believe that over 10,000 laboratories world-wide could benefit from our proteomics services. In the Spring of 2008, Kinexus will be relocating to a 10,000 square feet lab/office facility in South Vancouver to support the planned growth of the company.

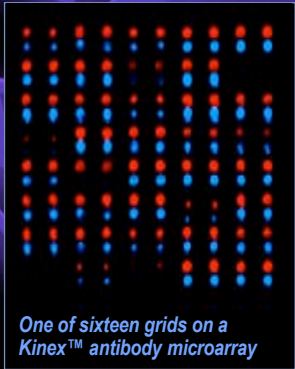
**Value Proposition**

- Kinexus tracks hundreds of cell communications proteins in healthy and diseased tissues for over 950 clients to reduce their drug discovery and development costs
- Kinexus uses this information to create intellectual property based on disease biomarkers and drug targets, which it plans to develop with clients in partnerships

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Cell signalling proteins are connected in complex networks that vary depending on the tissue, gender, age and health status of an individual. There may be over 10 million different connections between the 24,000 proteins encoded by the human genome. Defects in these communications network, especially in protein kinases, underlie most diseases of aging. World knowledge of the composition and architecture of cell signal transduction systems is only rudimentary and largely fragmented. Kinexus has developed novel strategies to uncover important connections in these molecular communications networks.

## What Kinexus Does



- Sustainable business operation with proteomics services to over 950 clients in 33 countries
- Proteomics services includes ongoing development of “Protein Chips” that track over 350 control proteins
- Intelligence services from resulting “KINET databank” of hundreds of thousands of protein measurements

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The development of personalized medicine requires the identification of reliable biomarkers of disease and the development of an arsenal of specific drugs to treat these diseases. Only in this way can appropriate matches be made for a patient with an effective drug. Defective cell communications is well known to be at the root of most of the major diseases of aging as well as infectious diseases. Kinexus has developed novel methods to track biomarkers and understand their roles in cell communication systems. By offering this technology to our clients through our proteomics services, we have been able to accumulate a massive amount of data about cell signalling for biomarker discovery to permit personalized medicine. For example, with our microarray technology, Kinexus has recently developed a blood test for the successful diagnosis of Alzheimer’s disease. Studies are underway to develop tests for multiple sclerosis, myasthenia gravis, and HIV-1 infection.

## Corporate Clients

- Over 200 industrial labs in over 100 companies including most of the major pharma companies in the world
- Over 750 academic labs including most of the major universities, research hospital and government labs in the world
- Due to service agreements with confidentiality clauses for all of our clients, we cannot disclose their identities

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Kinexus has service contracts and has performed Kinetworks™ analyses for over 750 academic labs and 200 industrial labs in over 100 companies in 33 countries. This includes almost all of the leading pharmaceutical and biotech companies. Many of our corporate clients are willing to pay double the price for our services to maintain full confidentiality. Our service-based relationships with these companies are evolving into further customized activities with these companies that can pave the way for future corporate alliances as Kinexus develops its drug target and drug discovery capabilities.

**Our Scientific Focus**

**KINASES**  
↓  
**PHOSPHO-PROTEOME**  
↑  
**PHOSPHATASES**

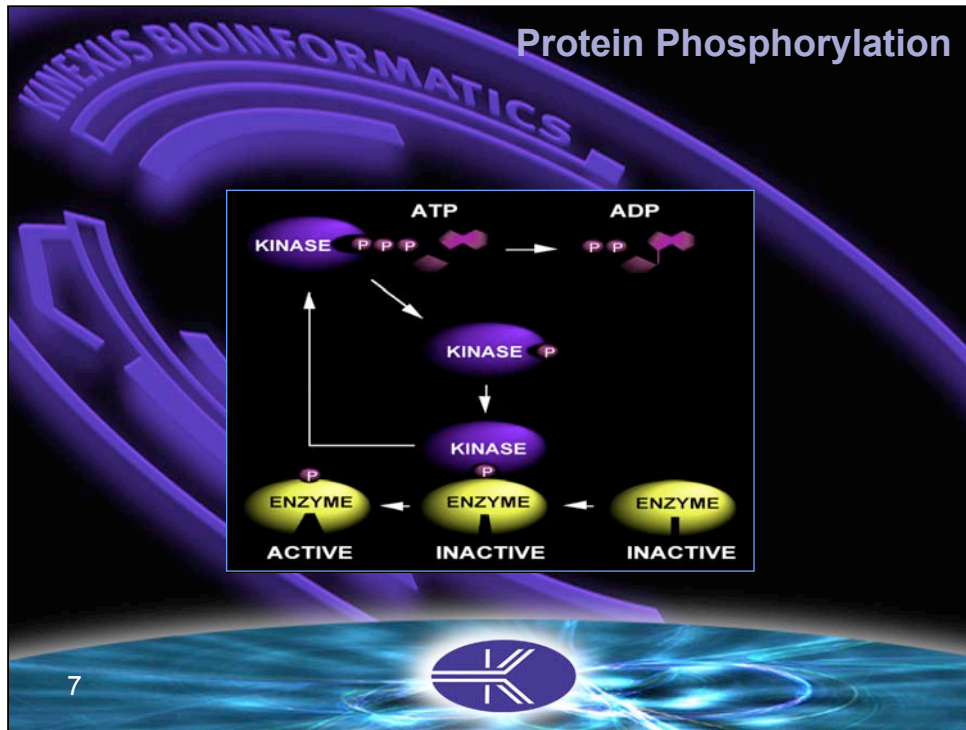
- In humans, 515 protein kinases and 138 protein phosphatases catalyze the reversible phosphorylation of proteins at over 1 million sites
- Defective protein phosphorylation signalling is linked to over 400 human diseases
- Kinase drug market expect to grow from \$12.7B in 2005 to \$58.6B in 2010

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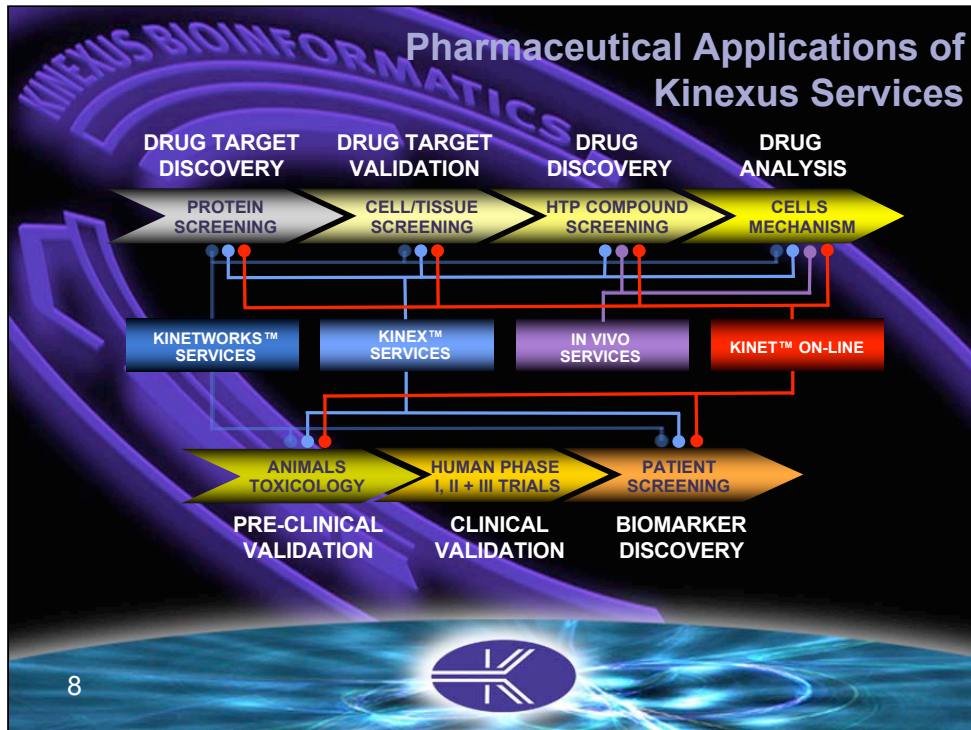
With the aging demographics in developed countries, the need and demand for improved health care delivery is continuing to escalate. However, more than 70% of current prescription and non-prescription drugs only alleviate the symptoms of disease. The approval of new drugs by the US FDA in 2005 was only 20, down from 36 in 2004. There is strong pressure and challenges to the pharmaceutical industry to develop improved medicines.

There is a fundamental Human Operating System (H.O.S.) that controls all of the protein functions in the cells of our body. Mapping and understanding the H.O.S. is critical to diagnosing and treating human disease. Current knowledge of the H.O.S. is very rudimentary, despite over 2 decades of intense research. The H.O.S. has been around for over 200,000 years in our species, and it is very similar to the regulatory systems that operate in other animals. The sequencing of genomes of man and other species and the development of high throughput microarray technologies can accelerate H.O.S. discovery and exploitation. In particular, low abundance cell signalling proteins are the key to understanding how disease develops and how it can be reversed.

Cell signalling proteins are interconnected in complex networks that vary depending on the tissue, gender, age and health status of an individual. Defects in these communications network underlie most diseases of aging. Present knowledge of the composition and architecture of cell signal transduction systems is only rudimentary and largely fragmented. Kinexus has developed a novel strategy to uncover important connections in these molecular communications networks. The basic building blocks of these information highways inside of cells are protein kinases and protein phosphatases. These rare enzymes control all of the other proteins in cells by catalyzing their reversible phosphorylation.

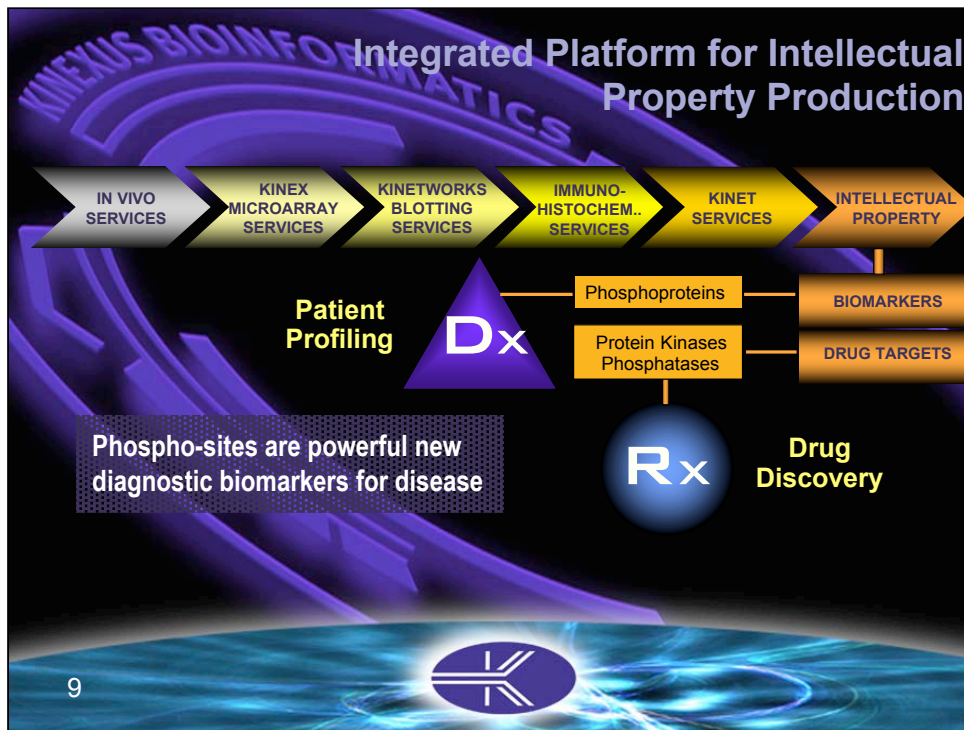


Phosphorylation acts like an on/off switch for proteins. The phosphorylation of a target protein with the third phosphate of adenosine triphosphate (ATP) is the basic chemical reaction catalyzed by a protein kinase. The kinase removes one of the phosphates from ATP and transfers it on to the target protein. This common mechanism is the major form of regulation of proteins after they are made inside of cells. Phosphorylation is reversed by protein phosphatases. Kinexus is engaged in the detailed analyses of both protein kinases and phosphatases.

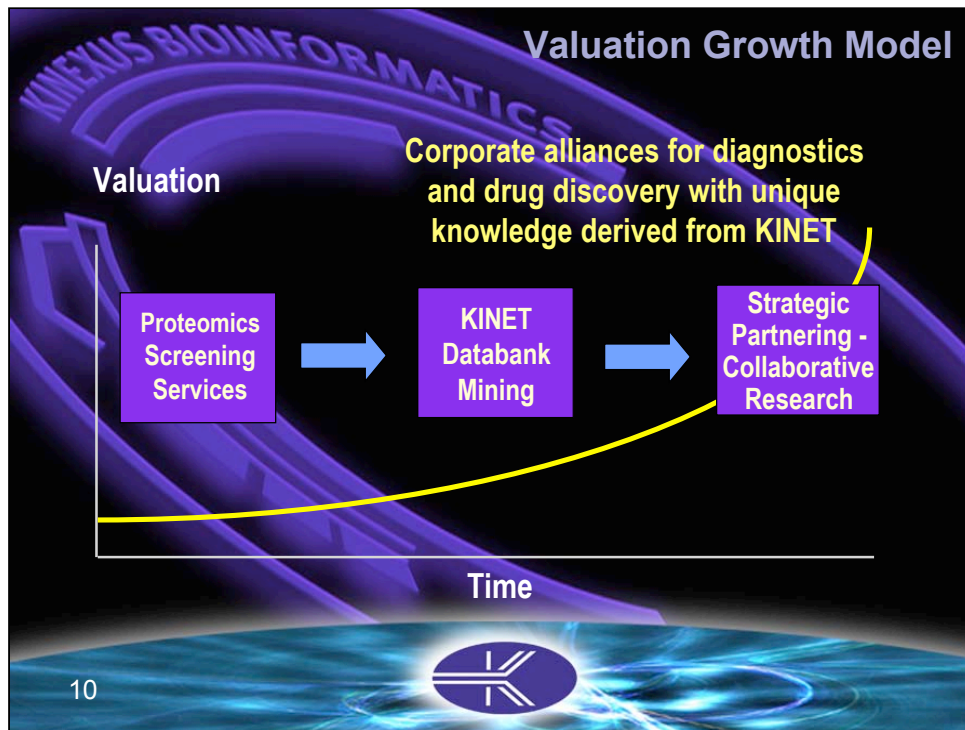


Our unique suite of proteomics services have utility throughout the drug discovery and validation pipeline used in the pharmaceutical industry. Consequently, there are many ways that we can assist industrial scientists as well as basic researchers working in universities and hospitals throughout the world. We believe that over industrial and academic 10,000 laboratories could directly benefit from our services. Through e-mail and other marketing strategies at Kinexus, we notified over 200,000 scientists world-wide about our company on at least a quarterly basis.





Our state-of-the-art proteomics services are highly integrated to form a convenient, powerful and unprecedented platform for biomedical discovery. The longer terms objectives of Kinexus are to build a strong intellectual property portfolio around disease diagnostic biomarkers and therapeutic drug targets. We believe that phosphoproteins offer a huge diversity of potential and untapped disease biomarkers, and protein kinases represent a still largely unexplored group of exciting drug targets. There are likely to be over 1 million potential phospho-sites in the human proteins. Kinexus has catalogued over 20,000 phospho-sites and has been performing detailed bioinformatics analysis of their potential as disease biomarkers.



Kinexus has formulated an extremely novel business model, which defies its placement within one of the traditional biotech company categories. It is true that the revenues generated from providing our proteomics and bioinformatics services provide strong financial support for our R&D programs. However, these service-based activities are primarily a means by which our company is able to access thousands of high quality biological specimens for use in our R&D programs to discover disease biomarkers, drug targets and drugs.

With our unique business model, the leveraging of our initial service relationships with pharmaceutical and biotech companies overtime into collaborative partnerships is a major way that we will increase the valuation of our company for our shareholders. It is a natural progression to develop closer relationships with our clients as we are able to offer them a greater selection of customized services and expertise. We have also been building closer working relationships with our antibody suppliers to offer new proteomics services and products that can be distributed through these vendors.

Furthermore, because Kinexus will have valuable knowledge over a broad range of diseases, it is feasible to enter into and manage multiple corporate alliances to increase the prospects of participation with successful drug launches into the pharmaceutical market.

Finally, the development of the microarray capabilities of Kinexus will foster partnerships with diagnostic companies for the detection of specific diseases and identification of the most appropriate therapies for personalized medicine delivery.

**Senior Management**

- Experienced management and world class science

	<ul style="list-style-type: none"> <li>■ <b>Dr. Steven Pelech</b> President &amp; CSO</li> </ul>	
	<ul style="list-style-type: none"> <li>■ <b>Ms. Catherine Sutter</b> Director of Sales &amp; Marketing</li> <li>■ <b>Mr. Harvey Quan</b> Controller</li> </ul>	
	<ul style="list-style-type: none"> <li>■ <b>Dr. Hong Zhang</b> Director of R&amp;D</li> </ul>	

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Dr. Steven Pelech is the founder, president and chief scientific officer of Kinexus. He was also the founder, president and C.E.O. of Kinetek Pharmaceuticals, Inc. for six years prior to starting Kinexus. He has also been a professor at the University of British Columbia (UBC) for the last 18 years. He is the author of over 200 scientific publications. He received his Ph.D. in Biochemistry from UBC (1982).

Ms. Catherine Sutter has over thirteen years of experience in human resources and administration including five years at Kinexus, five years at Kinetek Pharmaceuticals, three years at UBC and two years working for Gulf Shark Research in Bayou la Batre, Alabama. She received her B.Sc. degree in Biochemistry from the University of Victoria in 1989.

Mr. Quan joined Kinexus in March 2006. He is responsible for the development of financial statements and management reports, development of systems and accounting procedures including financial planning and analysis, general accounting, financial control, procurement, forecasting, and preparation of operating and capital budgets. Mr. Quan contributes over twenty years of financial management expertise to Kinexus, most recently as the controller for Westcoast Energy, Kinetek Pharmaceuticals, Inc., and GenomeBC, and an advisor to the Vancouver Police Department.

Dr. Hong Zhang joined Kinexus in January 2003. He is responsible for directing the laboratory staff in the design and testing of new and existing technical products or services, and participates in long range technical planning of scientific projects. Dr. Zhang received his B.Sc. degree (1987) in Fujian Normal University in China with the Top Graduate Award. He completed his Ph.D. degree (2000) in Zoology from UBC and received two years of post-doctoral training at UBC.



**Board of Directors**

- **Mr. John Swift - Chairman**  
Director, Connotative Reference Corp, BioFuture Fund
- **Mr. Eric Ah-Yon**  
President, Mickeric Enterprises Ltd.
- **Dr. William Campbell**  
President, Biomime
- **Mr. Angus Livingstone**  
Managing Director, UBC Industrial Liaison Office
- **Dr. Steven Pelech**  
Formerly President, CEO & Founder, Kinetek Pharm.

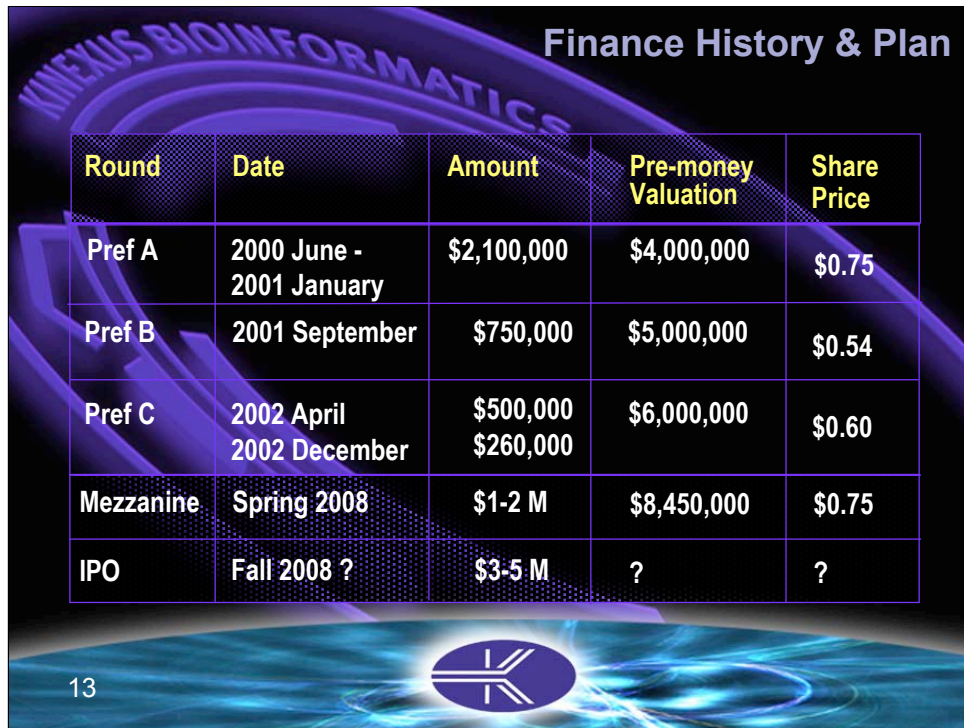
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Mr. John J. Swift is a lawyer in Vancouver, B.C., with an independent practice centered on organising, financing and advising knowledge-based businesses and on technology transfer from public institutions and universities. Formerly a partner at Farris & Co., Mr. Swift was Counsel to several technology based corporations. Inc. In addition to serving as Chairman and as a Director of Kinexus, Mr. Swift is currently a director of Connotative Reference Corporation, Biofuture Fund and of Spark Robotics Technology Inc. and has served on the Boards of Inex Pharmaceuticals, Ultrasonix Medical Corporation and NeuroMed Technologies Inc.

Mr. Eric Ah-Yon is the President of Mickeric Enterprises Ltd., which holds a portfolio of privately held assets and publicly listed companies across various industry sectors. Mr. Ah-Yon is experienced in the real estate development, building construction and property management. In addition, he is the managing director of Vencompass Group Enterprises Ltd., and Cellbox Solutions Inc., an I.T. based company. Mr. Ah-Yon holds a Bachelor of Business Administration in Finance and Management from Simon Fraser University and a Diploma of Technology in Building Engineering Technology Economics/ Construction Operations from the B.C. Institute of Technology.

Dr. William Campbell is the President of Biomime Solutions, a B.C. incorporated biotechnology consulting firm, and the CEO of PepMetric Technologies a peptide-based drug design company. Over the last 30 years, Dr. Campbell has divided his time between Japan and Canada, most recently as assistant professor at Nagoya City University and then at the Choji Medical Institute in Toyohashi. His previous early employment includes work for the Department of Health and Welfare Canada, and for Pharma Research (Boeringer) in Montreal. He completed his B.Sc. in Chemistry at Concordia University (1962) and obtained his PhD in Microbiology and immunology from the University of Montreal (1971).

Mr. Angus Livingstone is Managing Director of the University-Industry Liaison Office (UILO) at the University of British Columbia (UBC), where he has held prior positions since 1988. He is the President of UBC Research Enterprises Inc. and co-founder and Chair of the Alliance for the Commercialization of Canadian Technology. Mr. Livingstone also serves on numerous other boards including: Alliance for Commercialization of Canadian Technologies; UBC Research Enterprises, Inc.; Drug Development Inc.; Webnames.CA, Inc.; and Vancouver Coastal Health Research Trust. He graduated from UBC with a B.Sc. in Computer Science (1983).



## Finance History & Plan

Round	Date	Amount	Pre-money Valuation	Share Price
Pref A	2000 June - 2001 January	\$2,100,000	\$4,000,000	\$0.75
Pref B	2001 September	\$750,000	\$5,000,000	\$0.54
Pref C	2002 April 2002 December	\$500,000 \$260,000	\$6,000,000	\$0.60
Mezzanine	Spring 2008	\$1-2 M	\$8,450,000	\$0.75
IPO	Fall 2008 ?	\$3-5 M	?	?

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To accelerate our R&D and commercialization programs, we are seeking to raise at least \$1-2 million in 2008. These funds can be leveraged more than 1.5 times with the opportunities that this creates with government grant funding and revenues from increased sales. When market conditions are favorable, and the valuation of Kinexus has increased sufficiently, we will seek to take Kinexus public on a junior stock exchange.

Kinexus has developed its own unique systems proteomics platform technology that has already proven its value in the marketplace. And we have a clear course of action to enhance this strategic advantage with our proposed R&D and commercialization programs.

We believe that Kinexus represent an outstanding investment opportunity for these times, when investors rightly perceive the high risk associated with traditional drug discovery companies. Through Kinexus, investors may realize the enormous financial opportunity associated with healthy care delivery, and contribute in a meaningful way to biomedical research in hundreds of laboratories around the world that are seeking to diagnose and cure major diseases of unmet need.

## Kinexus Bioinformatics



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