



3rd Annual General
Meeting
December 8, 2011

Mission, Vision



VISION

To create a new Ontario that is a world leader in healthcare innovation and a global location of choice for bioscience commercialization

MISSION

To advocate for the growth and development of the commercial bioscience industry in Ontario, resulting in improved patient outcomes, increased healthcare efficiency and greater prosperity for all

Founded: 2009

Directors (volunteers) from all Ontario regions

Grass Roots Organization

Response to Crisis

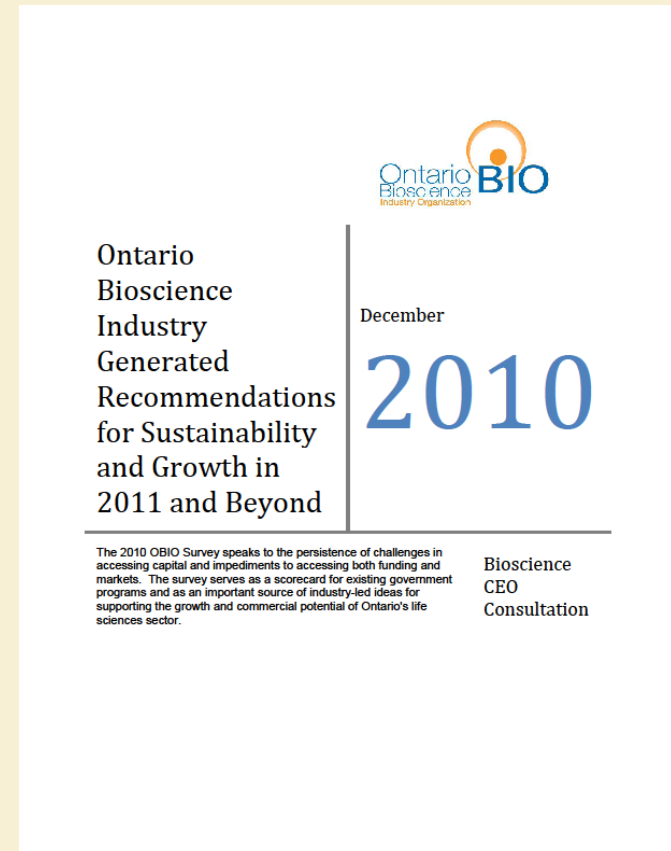
Sector Sustainability

Focus and Action

Founding Sponsors

#1 Priority Action YOU Identified

**Develop and
implement a
strategic plan for
building a
competitive
indigenous
bioscience
industry in Ontario**



YES WE CAN !!

Inclusive

Transparent

Democratic



Industry-Led

**Army of
People**

**5000 person
hours**

**OBEST Leadership Team
OBEST Advisory Board
OBEST Regional Leadership
OBEST Task Force**

Collaborative ● Iterative ● Implementable



OBEST: Industry's Plan



**Building a Sustainable and Prosperous
Bioscience Sector in Ontario:**

**The Ontario Bioscience Industry Strategic
Implementation Plan**

June 2011

A project of the Ontario Bioscience Industry
Organization (OBIO™)



Announcing the ...

Ontario Bioscience Economic Strategy

June 23,24
July 14, 2011



Goal: Build a Sustainable & Prosperous Bioscience Industry

	Capital	Capabilities / People	Innovation Adoption & Export	Anchor the Industry
Culture				
Integration				

FROM IDEAS TO

ACTION



OBEST Implementation Team



Vera Belaoussoff
OBEST
Project Manager

Susan Zollman
OBEST
Implementation
Officer



OBEST Strategy #1:

Education and Awareness

Co-Chairs:

Ulrich Krull, University of Toronto

Jill Kapuscinski, Concept2Clinic



Educate and build awareness of the Ontario biosciences sector with clear and consistent messages in the following focus areas: entrepreneurial education; industrial education; awareness of the value of innovation.



OBEST Strategy #2:

Build & Expand Pool of Investors & Partners

Co-Chairs:

Damian Lamb, Genesys Capital
James Parsons, CFO Trillium

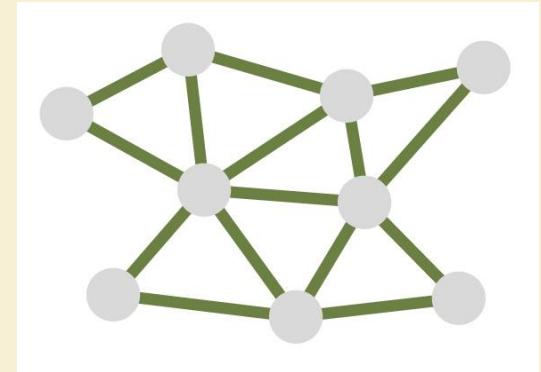


Work with stakeholders to create the environment for success that will attract new investors; Articulate and broadly disseminate the strengths of Ontario's bioscience industry; Build stronger connections with existing networks of investors and partners that are not currently engaged with the Ontario biosciences sector, including angel networks.



OBEST Strategy #3/4:

Interconnectivity among Ontario SMEs to Build on Industry Priorities



Co-Chairs:

Stephen Fanjoy, Devera Logic

Kenneth Evans, Ontario Cancer Biomarker Network

Deploy industry strategy, leveraging successes, in order to sustainably address marketplace demands and create global recognition within the bioscience community. This will be done by defining the customer and market demands (payer, provider, patients, OEMs) that map against Ontario biosciences strengths and work collectively (government, academia, industry and investors) to fund and develop solutions to address these needs.

OBEST Strategy #5:

Encourage 'Patient' /Long Term Capital

Co-Chairs:

Rob Hall, HTX

Frederic Sweeney, Tornado Therapeutics



Work with investors, government and other stakeholders to incentivize long term investment in the Ontario Biotech companies to build a sustainable domestic life sciences economy.



OBEST Strategy #6:

Identify & Invest in Provincial Health Priorities

Co-Chairs:

Helen Findlay, Actium Research

Clive Ward-Able, Amgen



Work with governments and research institutes to identify opportunities to address health priorities for Ontario/Canada that can lead to export of technology and local job creation.

OBEST Strategy #7:

Ensure & Clearly Demonstrate Integrity of Process



Co-Chairs:

Jeremy Grushcow, Norton Rose

Anthony deFazekas, Miller Thompson

A facilitation role which fields industry inquiries related to process and decisions that affect Ontario's bioscience industry.



OBEST Strategy #8:

Use Provincial Purchasing Power to Drive Market

Co-Chairs:

Dani Peters, Rothwell Group

Robert Merson, Merson Strategic Consulting



Work with government to communicate the value (health and economic) of the biosciences sector to Ontario, and develop policies, solutions and partnering to achieve sustainability and better health outcomes.



OBEST Strategy #9:

Modification of Government Incentives for Industry



Co-Chairs:

Parimal Nathwani, MaRS Innovation

Simon Goulet, Therapeutic Monitoring Systems

Work with governments to rapidly access and deploy existing funds. Our industry is looking to modify existing policies that will ensure Ontario's competitiveness globally, and will attract non-government funding to the sector.

COMMERCIALIZATION SUCCESS OBEST™

The Ontario Bioscience Industry Plan

Building Ontario's Bioscience Industry and Ontario's

Ontario is home to world-class research and innovation resources. Most companies

With the global economy two years after the economic Ontario's bioscience industry in university of post- Ontario seized the opportunity to Ontario's economic growth a comprehensive, plan for a vibrant bioscience Developed by OBIO, the OBEST (Ontario Bioscience Strategy Team) and industry's collective mandate for growth and long-term In OBIO's 2010 and status reports, senior itives described the constant ability to develop and products. Issues that included difficulty raising financing, finding technology and funding research. It recognized the need comprehensive bioscience if Ontario's industry was its full potential to provide health care solutions and tant economic benefits.



The best laid PLANS

HOW OBIO™ IS LOOKING TO OVERCOME THE PAST, CHANGE THE COURSE OF THE BIOSCIENCE INDUSTRY IN ONTARIO AND STEER THE SHIP OUT OF THE STORM

Innovation and bioscience go hand and hand. It is a symbiotic relationship - both depend on one another. Yet, for Ontario, a province teeming with groundbreaking initiatives in the bioscience field, there is something missing. A broken link between this would-be flourishing industry and reality. True, the recession of 2008 to 2009 hit the industry hard, but the seeds of insufficiency were planted far earlier.

For most of the past decade, the rallying cry of the Ontario life science industry has been "commercialization is key." Now, more than ever, that message rings true, but it has also evolved, and as it stands, the Ontario bioscience industry is looking for investment, incentives and the capital it needs to be the juggernaut most believe it can be. The plan to get the province to that point is what OBEST™, the Ontario Bioscience Economic Strategy Team hopes to bestow upon the industry.

Created by OBIO (Ontario Bioscience Industry Organization), in response to a call to action from OBIO's CEOs to develop and implement a strategic plan for building a competitive bioscience industry, OBEST takes a grass roots approach to fashioning a plan for a commercially viable, competitive, bioscience community in Ontario.

Since its initial launch in late September 2010, OBEST has already seen good participation from the community, and as the program wraps in February 2011, that participation is quickly being turned into an action plan.

Gail Garland, CEO, Ontario Bioscience Industry Organization, explained that in the larger scheme of things, OBEST is really about facilitating innovation and delivering economic prosperity and health to Ontarians.

"OBEST engages the Ontario bioscience ecosystem in a collaborative, iterative process aimed at bringing the best ideas forward with which to support the growth of an innovative bioscience industry," she said.

The backbone of that ecosystem is already

in place and OBEST looks to take advantage of all the pieces, including Ontario's well educated populace, productive educational institutions, and significant levels of direct and indirect government support for research and development. Certainly, these are the foundations upon which a thriving industry can be built. These pieces form an opportunity, while OBEST looks to overcome the current crisis.

Garland outlined both sides of the story, saying on one side there is opportunity in "the gap created by the decline in Ontario's manufacturing, plus the opportunity

to compete in a knowledge based industry. The critical need for affordable and better healthcare - the opportunity to deploy our highly educated workforce and exploit our world-class based research. Ontario can be a natural home for a vibrant, innovative, bioscience industry that creates wealth and innovative healthcare solutions."

OBEST is built around three strategic pillars: an advisory board, a task force and seven regional clusters of bioscience industry professionals. Each of the regional clusters meets three times and the results of these assemblies is presented to the advisory board,



By Christopher Rogers

ACROSS CANADA

VANTAGE

THE GTMA'S FOREIGN DIRECT INVESTMENT MAGAZINE

G R E A T E R T O R O N T O

SPRING SUMMER EDITION 2011

Ontario's Bioscience Industry

Translating Strategy Into Action. pg 27

Ontario announced a \$1.9 billion development and commercialization announced a \$161 million US\$17 million was new money. 57% of the sector.

Business Opportunities

A Look at North America's Largest Bioscience Cluster pg 20

Powerhouse of Political Energy

Mayors Profile pg 10

Medical Technology Growth In Ontario

pg 66

Powering Up With Bioenergy

pg 33



22 BIOTECHNOLOGY FOCUS | DECEMBER 2010 / JANUARY 2011

In July 2009, CEOs of Ontario bioscience companies formed Ontario Organization (OBIO) to advocate for their industry's survival.

2nd Annual OBIO Quebec/Ontario CEO Dinner



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L'essentiel c'est la santé.

Gold



★ OBIO

By Gail Garland, President & CEO OBIO

BIOSCIENCE INDUSTRY LEADERS DISCUSS ISSUES THAT MATTER

At OBIO's 2nd Annual Québec and Ontario
Bioscience CEO Dinner Event:



On May 31, 2011 OBIO together with event sponsors, Sanofi, Torys, BDC and PwC hosted the Second Annual Québec/Ontario Bioscience CEO dinner.

The tradition started in 2010, to provide bioscience industry leadership with a unique opportunity to connect and discuss industry issues in a relaxed interactive setting while enjoying a fine meal and refreshments. Building on last year's positive word of mouth, the 2011 event was over-subscribed. This year, over 50 guests from across Canada came together at "The Rosewater Supper Club" in downtown Toronto for a cocktail reception before joining tablemates and embarking on the evening's agenda.

The conversation was enriched by the perspectives of guests from British Columbia and Manitoba in addition to Québec and host province, Ontario. Attendees included industry leadership from therapeutic, device, diagnostic and healthcare IT companies, lawyers with sector and IP expertise; accountants with industry experience in programs such as SR&ED (Scientific Research and Experimental Development Tax Incentive Program) and financial and capital market executives.

This year's gathering was designed to build on conversations that started

at the 2010 Québec/Ontario Bioscience CEO Dinner. Each table of guests was asked to choose three questions from a list of seven prepared by Helen Findlay, OBIO director. Questions were designed to provoke discussion on a range of industry-relevant topics including: branding; industry sustainability and growth; government policy and opportunities for collaboration across country-wide networks.

The first topic of discussion at most tables was branding – the ongoing effort to create a clear understanding of human health bioscience and its potential to deliver innovative health care solutions and therapies from Canada. Branding was seen as an important objective, both locally and nationally, to ensure a common understanding throughout the ecosystem that supports and benefits from the indigenous health science biotechnology industry. Beyond branding, guests described the need to articulate industry's ability to generate value while reducing system healthcare costs and creating both direct and ancillary jobs.

Next, discussion turned to industry advancements over the last year. Several companies were able to discuss financings that had closed in recent months enabling development pipelines to continue to move forward. Many of the evening's guests had participated in OBEST™ (Ontario Bioscience Economic Strategy Team) over the last several months and expressed the view that OBEST represents a much needed framework to develop and implement a strategy for a commercially viable human health bioscience industry. Daniel Billen, PhD., chair of the OBEST Advisory Board was present and recognized

for his leadership and for encouraging industry to develop goals and strategies that industry will implement while partnering with government to develop supportive policies.

Participants then spoke to the need for effective deployment of existing government programs and put forward ideas for future policy. Participants referenced examples of effective and highly competitive programs in other global jurisdictions where governments support health science biotechnology by creating an environment with favourable conditions for growth and sustainability. Programs that provide non-dilutive options for early stage companies were presented as being particularly attractive.

Programs that provide funding while de-risking technologies were recognized as particularly important by increasing follow-on investment opportunities.

One such program was the Small Business Innovation Research Program (SBIR) funded by US federal agencies. The SBIR provides small businesses with feasibility and pre-commercial research funding for ideas that meet high priority research and development needs detailed by the US government and which have potential for commercialization. The SBIR program is highly competitive and focuses on performance and go/no-go decision points which results in the early termination of non-viable projects. Depending on the type of program, companies in the SBIR program are eligible for either grants (supply side) or procurement contracts (demand side). It has been shown that companies which successfully pass through the SBIR program

QUÉBEC

\$7 Million Bioscience Industry Fund

By: Gail Garland, President & CEO OBIO

ACROSS CANADA

LEVERAGING THE \$7 MILLION FUND

Designated for
Ontario Bioscience
Companies
Announced in
May 2010



During the fall of 2009, with Ontario's bioscience industry fighting for survival due to an inability to raise capital in the midst of a world-wide economic crisis, OBIO mobilized industry CEOs to take action. With a sense of urgency derived from the need for a plan to ensure the survival of the industry, OBIO organized its first province-wide consultation process ultimately generating a set of recommendations for industry survival and growth.¹² These recommendations were provided to the Ontario provincial government and detailed changes to existing provincial capital and tax programs which when implemented would have a positive impact on biotech companies.

The ensuing engagement and dialogue between industry and government on the nature of the challenges facing the industry as a whole resulted in the formation of a special fund – a one-time allocation of \$7 million in special financing to Ontario bioscience companies announced as part of the Ministry of Research and Innovation (MRI) commercialization strategy in May 2010.

For an industry where many companies are operating with less than a year's cash – Ontario's bioscience industry saw the \$7 million fund as an important step particularly during a period of provincial fiscal restraint. Working collectively industry achieved recognition by government that existing programs are often inaccessible to bioscience companies whose capital requirements and long development time lines put them at a disadvantage when multi-industry programs force them to compete with less complex business models such as IT or clean-tech.

OBIO's Access to Capital Committee developed recommended guidelines for investment framework, eligibility criteria and timelines which were vetted by industry and presented by OBIO at an industry

consultation session conducted by MRI in May, 2010. Investment guidelines recommended financing of \$500,000-\$1,000,000 in the form of a grant which together with a matching term sheet would lead to a value creation milestone.

In the fall of 2010, the Investment Accelerator Fund (IAF) announced eligibility requirements and investment criteria for the \$7 million fund. The fund is managed by MaRS and delivered by the IAF as a 'side car' fund to the Investment Accelerator Fund (IAF). The IAF program provides seed-stage financing to start-up companies. With only one out of 32 existing IAF deals benefitting a bioscience company, the IAF program has not historically been able to meet the needs of Ontario bioscience seed-stage companies over the last three years. Establishing the \$7 million fund required several months of preparation and the adoption of a different set of requirements for a program aimed at established commercial companies.

Later-stage, investor-backed companies that qualify for financing receive between \$500,000 and \$1 million by way of convertible debenture or other equity-based instrument. Early-stage companies eligible for funding under the IAF and repaying more than the maximum of \$500,000 are eligible for up to an additional \$500,000 from the \$7 million fund. This increased financing should provide more bioscience start-ups access to the IAF.

There are approximately 23 public companies in Ontario which can be considered, 'human health bioscience companies'. Of these, 14 have a market capitalization of less than \$50 million, none of these are profitable and most have ongoing clinical trials. Despite having access to public sources of capital, these companies have the same challenges accessing capital as private companies – they can

2011 Disbursements

Cytochroma: \$1 Million

Trillium Therapeutics: \$1 Million

Interface Biologics: \$1 Million

Profound Medical: \$500,000

Xagenic: \$500,000

OBIO Advocacy on Behalf of Industry

- 2011 Provincial Election
- > 30 Calls on MPPs
- Grass Roots Campaign
- Fundraisers
- Provincial Budget Consultations

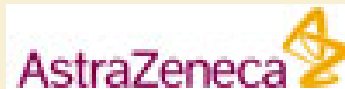


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