

Bradmer Pharmaceuticals Inc.

Management's Discussion and Analysis of Financial
Condition and Results of Operations

For the Three and Nine Month Periods Ended
September 30, 2007

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis should be read in conjunction with our unaudited financial statements for the three and nine month periods ended September 30, 2007, prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Our fiscal year end is December 31.

All amounts are expressed in U.S. dollars unless otherwise indicated.

This discussion and analysis was performed by management using information available as at November 8, 2007. The forward-looking statements in this discussion regarding our expectations of our future performance, liquidity and capital resources and other non-historical statements in this discussion include numerous risks and uncertainties, as described in the "Risk Factors" section of the Annual Information Form dated March 1, 2007 (the "AIF"), and as highlighted below in the "Operational Risks" section. The words "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Our actual results may differ materially from those contained in any forward-looking statements. Additional information relating to our company is available by accessing the SEDAR website at www.sedar.com.

OVERVIEW

Bradmer Pharmaceuticals Inc. ("BMR" or the "Company") is a life sciences company focused on developing proprietary drugs to treat cancer. Our current efforts are focused on the treatment of Glioblastoma Multiforme ("GBM"), a usually lethal type of brain cancer. Our lead product candidate is termed Neuradiab™. Neuradiab is a radiolabeled monoclonal antibody, which targets a certain protein expressed on 99% of GBM cells, but not on normal brain cells. The therapy has been administered to approximately 200 patients in a series of Phase I and Phase II clinical trials conducted at Duke University. BMR holds the exclusive worldwide license to the Neuradiab technology from Duke University. The licensed treatment includes the rights to twenty four issued patents, and thirty patents which are pending in the United States and in other jurisdictions. Material terms of the license are described in the AIF and in Note 4 of the Company's September 30, 2007 financial statements.

Clinical Development Status

Bradmer is currently working with the United States Food & Drug Administration (the "FDA") to obtain permission to initiate a proposed multi-center Phase III trial for the adjuvant use of Neuradiab in the management of GBM. The FDA has provided affirmative guidance regarding the design of the planned trial, which is a randomized, two-arm multi-center study with 380 patients in each arm comparing the current standard of care with a group receiving the standard of care and Neuradiab. Prior to initiating the trial, the Company is required to submit to the FDA a complete update with regard to its drug manufacturing program, which is scheduled to occur in Q4 2007. Assuming the FDA's acceptance and approval of the drug manufacturing data, Bradmer plans to initiate this trial in Q1 2008.

Operational Achievements

During and subsequent to the period ended September 30, 2007, the Company achieved the following steps in preparation for the intended Neuradiab multi-center trial and subsequent planned commercialization:

- More than 30 U.S. sites, representing a majority of annual GBM cases, have provided indications of interest to participate in the trial. This is in line with previously stated site recruitment goals.
- Completed and submitted to the FDA the trial protocol and all related clinical documents, and gained the FDA's concurrence with regard to the Company's Phase III clinical trial design.
- Completed formulation development work for Neuradiab and initiated the final validation phase of the manufacturing process for the drug. The data produced from this final manufacturing phase will comprise the last component of Bradmer's manufacturing data submission to the FDA.
- Hired Paul Van Damme, CA as Chief Financial Officer and Zafeer Ahmad, PhD as Vice President, Manufacturing Operations.

Corporate Development Events

BMR was formed on February 10, 2006 as a result of the amalgamation of a private company, Blue Devil Pharmaceuticals Inc. ("Blue Devil"), and a predecessor company also named Bradmer Pharmaceuticals Inc. ("former Bradmer"). The resulting issuer, BMR, began trading on the TSX Venture Exchange on February 16, 2006 under the symbol "BMR". The Company subsequently applied for and received approval for its Common Shares to be listed on the Toronto Stock Exchange (the "TSX"). Trading on the TSX commenced on April 18, 2006 under the symbol "BMR".

On June 22, 2007, pursuant to a public offering, the Company issued and sold an aggregate of 5,786,869 units, for gross proceeds to the company of Cdn\$23,147,000. Each unit consisted of one common share of the company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at a price of Cdn\$5.60 at any time on or before June 22, 2011. An over-allotment option granted to the underwriters was exercised in part on the closing of the offering.

The net proceeds of the June 2007 public offering will be principally used to fund the further development of Neuradiab and, assuming the receipt of FDA and other requisite regulatory approvals, the Company's proposed Phase III clinical trial of Neuradiab and for general corporate purposes. The timing and magnitude of any future financing events will be based upon factors which include the progress of the proposed Neuradiab clinical trial and data derived therefrom, global distribution strategy evolution, and any further development or pre-commercialization steps as may be required by regulatory authorities in the future.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

Basis of Presentation

Our financial statements are prepared in accordance with Canadian GAAP. These accounting principles require us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of expenses during the reporting periods. We believe that the estimates and assumptions upon which we rely are reasonable based upon information available at the time that these estimates and assumptions are made. Actual results could differ from these estimates. The areas requiring significant estimates as of September 30, 2007 were stock-based compensation and the assessment of net recoverable value and amortization period of patent rights.

The significant accounting policies that we believe are the most critical in fully understanding and evaluating the reported financial results include the following:

Patent Rights

Included in patent rights is consideration paid for the acquisition of an exclusive right to use various patents and other costs related to the acquisition and active management of patents. Such costs are capitalized and will be amortized to operations on a straight-line basis over the underlying term of the patents, which range from nine to 19 years. Management reviews on an ongoing basis the valuation and amortization of the patent rights. The determination as to whether there has been impairment is made by comparing the carrying value of the patent rights to the net recoverable amount of the asset based on undiscounted cash flows. Any excess of carrying value over fair value is charged to operations in the period in which such impairment is determined by management.

Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated to United States dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at rates of exchange at each transaction date. Revenue and expenses are translated at the rate of exchange at each transaction date. Gains or losses on translation are included in income.

Stock-based Compensation

The Company uses the fair value method of accounting for stock-based compensation granted to employees, officers, directors and consultants. The Company records the expenses associated with such compensation on a straight-line basis over the vesting period of such compensation with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest, rather, the Company accounts for actual forfeitures as they occur.

Share Issuance Costs

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

SUMMARY OF QUARTERLY RESULTS

	Qtr. Ended Dec. 31, 2005	Qtr. Ended Mar. 31, 2006	Qtr. Ended Jun. 30, 2006	Qtr. Ended Sept. 30, 2006
Net Loss	(\$242,595)	(\$618,431)	(\$670,671)	(\$456,988)
Net Loss per Share	(\$0.03)	(\$0.08)	(\$0.08)	(\$0.06)

	Qtr. Ended Dec. 31, 2006	Qtr. Ended Mar. 31, 2007	Qtr. Ended Jun. 30, 2007	Qtr. Ended Sept. 30, 2007
Net Loss	(\$2,699,528)	(\$1,853,497)	(\$1,781,359)	(\$2,283,708)
Net Loss per Share	(\$0.35)	(\$0.24)	(\$0.21)	(\$0.17)

Planned drug manufacturing costs and other clinical trial preparation costs were the primary factors that resulted in the increased loss for the past four quarters.

RESULTS OF OPERATIONS

For the quarter ended September 30, 2007, we recorded a net loss of \$2,284,000, or \$0.17 per common share based on weighted average outstanding shares of 13,568,215 during the period, compared to a net loss of \$457,000, or \$0.06 per common share for the quarter ended September 30, 2006. For the nine-month period ended September 30, 2007, we recorded a net loss of \$5,919,000, or \$0.60 per common share based on weighted average outstanding shares of 9,922,276. This compares to a net loss of \$1,746,000, or \$0.22 per common share for the nine months ended September 30, 2006. The increased losses during the 2007 periods were primarily related to higher planned research and development spending with regard to the Company's lead clinical program, Neuradiab.

Research and development expenses totaled \$1,556,000 and \$3,922,000, respectively, for the three and nine-month periods ended September 30, 2007, compared to \$235,000 and \$894,000 for the respective prior year periods. The expenses incurred in the third quarter of 2007 were primarily related to amounts paid under drug manufacturing contracts of \$798,000, as well as amounts

paid to clinical and regulatory collaborators of \$758,000, while year to date the amounts were \$2,063,000 and \$1,858,000, respectively.

Management salaries, of \$325,000 and \$862,000 were recorded during the respective three and nine-month periods ended September 30, 2007; management salaries were \$138,000 and \$444,000 in the respective prior year three and nine-month periods. During the quarter, two executives were hired bringing the total new hires for the year to date to four employees. Travel related expenses totaled \$105,000 and \$366,000, respectively, for the three and nine-month periods ended September 30, 2007, compared to \$43,000 and \$128,000 for the respective prior year periods. The higher travel expenses incurred in 2007 were primarily related to intensified team efforts with regard to clinical development, manufacturing, and investor relations. Office and administrative expenses of \$155,000 and \$395,000 during the respective three and nine-month periods ended September 30, 2007 included charges for facilities, administrative staffing, communications, investor relations and insurance. Office and administrative expenses for the comparative three and nine-month prior year periods totaled \$88,000 and \$235,000, respectively. Additionally, professional fees of \$247,000 and \$430,000, respectively, were incurred during the three and nine-month periods ended September 30, 2007, compared to \$32,000 and \$184,000 incurred during the comparative periods ended September 30, 2006. The increase in professional fees in the quarter was primarily related to recruiting fees of \$101,000 and corporate governance compliance costs.

Non-cash stock-based compensation charges totaled \$121,000 and \$311,000 for the three and nine-month periods ended September 30, 2007, resulting from the issuance of options as described below under "Outstanding Share Capital." Such stock-based compensation charges totaled \$28,000 and \$117,000 in the comparative periods ended September 30, 2006. The increase is primarily attributable to the grant of options to five employees hired since September 2006. Operational expenses were offset by interest income of \$239,000 and \$403,000, respectively, during the three and nine-month periods ended September 30, 2007, as compared to \$116,000 and \$283,000 for the comparative prior year three and nine-month periods. The increase in interest income in 2007 was primarily due to higher interest rates and higher average cash balances after the completion of the June 2007 financing.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Our operational activities for the nine-month period ended September 30, 2007 were financed by cash on hand and the proceeds of the public offering that closed on June 22, 2007, which yielded gross proceeds of Cdn\$23.1 million. After deducting cash-based share issue costs and converting to U.S. dollars, net proceeds totaled \$19.6 million. At September 30, 2007, we had working capital of \$21,318,000, as compared to \$7,517,000 at December 31, 2006. We had available cash reserves of \$21,801,000 at September 30, 2007, compared to \$8,813,000 at December 31, 2006. The increase was due to proceeds from the public offering, offset by operating losses during the period.

As at September 30, 2007, and in the normal course of business, we are obligated to make certain future payments. These obligations represent contracts and other commitments that are known and committed.

	2007	2008	2009	2010
Commitments under Clinical Trial related Agreements (1)	\$2,400,000	\$2,950,000	\$2,100,000	\$1,800,000
Commitments Under License Agreements (2)	\$0	\$50,000	\$50,000	\$50,000
Operating Lease Commitments	\$0	\$0	\$0	\$0
Totals	\$2,400,000	\$3,000,000	\$2,150,000	\$1,850,000

(1) Clinical Trial related commitments are primarily comprised of (a) milestone-based payments contemplated under current drug manufacturing contracts, (b) clinical trial project management and data collection costs, and (c) ongoing data management services being provided for related prior clinical trials; such agreements are cancelable to a significant degree should the Company discontinue the research work related to those agreements. It is anticipated that the Company will sign further fee-for-service and milestone-based agreements for drug production and clinical trial services.

(2) Pursuant to the Duke University license agreement, the Company has various commitments as described the AIF. The amounts disclosed in this table represent future minimum annual royalties. All upfront license fees and prior patent cost reimbursement payments have been satisfied. Further commitments under the Duke license agreement are contingent upon achievement of certain milestones which may or may not be achieved. The amounts disclosed in the table above also exclude potential patent expense reimbursements and royalties, which cannot be estimated at this time.

The Company had no commitments for capital expenditures as of the date of this report.

Financial Instruments and Financing Risks

We believe that our current cash position should be sufficient to finance our operational and capital needs at least through 2009. In order to fund the completion of the Phase III trial for our lead drug, Neuradiab, it is possible that the Company will need to raise additional funds in the future. Our future cash requirements may vary materially from those now expected due to a number of factors, including the costs associated with the completion of the clinical trials, potential collaborative and license arrangements with third parties, and opportunities to in-license complementary technologies. We will continue to review our financial needs and seek additional financing as required from sources that may include equity financing, and collaborative and licensing arrangements. However, there can be no assurance that such additional funding will be available and, if available, whether acceptable terms will be offered.

We are exposed to market risks related to changes in interest rates and foreign currency exchange rates, which could affect the value of our current assets and liabilities. We do not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates relative to our cash investment, due to the prime interest rate based nature of the investment. We have not entered into any forward currency contracts or other financial derivatives to hedge foreign exchange risk. We are subject to foreign exchange rate changes that could have a material effect on future operating results or cash flows.

Outstanding Share Capital

As at September 30, 2007, there were 13,568,215 common shares issued and outstanding. In addition, the following securities had been issued that are convertible into common shares:

Type of Security	Convertible into this Number of Common Shares	Date of Expiry	Exercise Price (in Canadian dollars)
Stock Options	41,359	September 22, 2010	\$3.63
Agent's Compensation Warrants	13,046	October 4, 2007	\$3.63
Agent's Compensation Warrants	73,300	February 10, 2008	\$5.44
Stock Options	90,000	February 10, 2016	\$5.44
Stock Options	120,000	March 16, 2016	\$5.44
Stock Options	240,660	September 10, 2016	\$3.25
Stock Options	25,000	January 1, 2017	\$3.60
Stock Options	115,000	March 5, 2017	\$4.56
Investor Warrants	2,893,435	June 22, 2011	\$5.60
Agent's Compensation Warrants	347,212	June 22, 2009	\$4.00
Stock Options	15,000	August 15, 2017	\$3.00
Stock Options	95,000	September 11, 2017	\$2.65
Stock Options	195,000	September 12, 2017	\$2.50
TOTAL	4,264,012		

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the quarter ended September 30, 2007, we incurred approximately \$10,500 in charges for legal services provided by a firm in which a director of the Company is a partner. Such transactions were conducted under normal business terms.

FUTURE PROSPECTS AND RISK FACTORS

Future Prospects

BMR has assembled the appropriate intellectual, financial, and human capital to advance its lead drug for brain cancer, Neuradiab, into a late stage clinical trial. Through the conduct of this trial, the Company has the potential to produce data within three or more years of its commencement that is presentable to the FDA in the form of a New Drug Application ("NDA"), which may result in initial marketing approval. At present, the Company's value proposition is derived from the historical clinical trial results for Neuradiab for the treatment of GBM. GBM is the most common form of primary brain cancer affecting up to 30,000 persons per year in North America, Europe, and Japan. The historical results were generated through a series of ten clinical trials at Duke University Medical Center by a leading group of scientists under the guidance of Dr. Darell Bigner, one of the inventors of Neuradiab. Through the conduct of these studies, six of which have been published in peer-reviewed journals, in excess of 200 patients have been treated with Neuradiab or analogs thereof. The Company's fundamental value driver is the consistent

response of patients treated with Neuradiab and apparent increase in overall survival. The licensing of this technology by the Company was based upon the concept that management could create value by replicating these data in a well-controlled multicenter trial as discussed with the FDA and that data from such a trial would potentially support the submission of a marketing application for the use of Neuradiab as add-on therapy for patients with GBM.

Until 2005, the long-standing standard of care treatment course for GBM had been surgical resection followed by various forms of radiation therapy. In 2005, an oral chemotherapy agent known as temozolomide (Temodar™ by Schering-Plough) was approved by the FDA as an addition to this first-line treatment regimen. Subsequent studies have suggested that temozolomide may be ineffective in up to 60% of patients based on certain genetic factors. Neuradiab's mechanism of action is unique from temozolomide, and thus is not expected to have the same effectiveness limitations in genetic sub-populations. Neuradiab is being positioned through clinical trial design as an add-on therapy to surgery, external radiation, and temozolomide.

The Company's novel new compound, Neuradiab (formerly described as ¹³¹I-81C6 in scientific literature), addresses one of the key weaknesses in the current therapy regimen. GBM's typically have infiltrating edges that are very difficult to remove surgically. Even a so-called "complete resection" typically leaves residual tumor burden which leads to the eventual recurrence of the disease. Externally delivered radiation has limitations given the difficulty in focusing its energy specifically on remaining tumor cells and its potential to harm nearby sensitive and critical tissues. Neuradiab is a radiolabeled murine monoclonal antibody that is delivered directly into the surgical resection cavity in a separate procedure following the initial surgery. Neuradiab's molecular target is tenascin, a protein which is over expressed by 99% of all GBM's but is absent from healthy brain tissue. Therefore, a concentrated level of radiation is delivered specifically to cancer cells that remain following surgical resection. The most recent Phase II study testing Neuradiab as an addition to the surgery / radiation / temozolomide regimen suggested an increase in median overall survival for newly diagnosed GBM patients.

BMR's operational objectives are clear – organize, launch, and execute its proposed Phase III, multi-center, randomized trial testing Neuradiab in newly diagnosed GBM patients. Management believes that success in these endeavors has the potential to create significant value for shareholders.

During 2007 and into early 2008, BMR intends to execute on the following components of its operational plan:

- execute clinical trial contracts with leading GBM treatment centers across the US;
- complete the cGMP manufacturing of the initial quantities of Neuradiab for testing and use in the upcoming clinical trial;
- submit all remaining requested information to the FDA, including updated manufacturing data, and achieve clearance to initiate the Company's planned Phase III multi-center trial; and
- begin enrollment in and ramp-up of the proposed Phase III trial for Neuradiab.

BMR's future strategy may also include exploitation of Neuradiab for other therapeutic applications in which the drug has already demonstrated benefit as well as the identification and potential acquisition of other novel cancer drugs in clinical development. Licensing, merger and acquisition opportunities will be discussed with the Board of Directors if such transactions are deemed to have a potential positive impact upon risk and value creation for the Company.

Operational Risks

The Company is subject to various operational risks. Factors that could cause operational results or events to differ materially from management's current expectations include, but are not limited to:

- changing competitive technology and market conditions;
- the failure to obtain requisite regulatory approvals (including the approval of the FDA) for the Company's proposed clinical trial of Neuradiab in a timely manner, if at all, and other inherent uncertainties related to the regulatory approval process;
- the ultimate costs associated with the proposed clinical trial and research may be greater than estimated by the Company at the current time;
- the successful and timely completion of clinical studies;
- challenges to patent claims, issued patents and freedom to operate as a course of standard business practice as the value of the Neuradiab asset matures
- failures by third parties engaged by the Company to perform adequately their responsibilities, including with respect to clinical testing and manufacturing of products; and
- the failure by the Company to recruit and retain key employees and adequately plan for succession of key roles.

Management seeks to mitigate these risks, and others, primarily through retaining experienced employees and advisors who have expertise in the scientific, medical, business, regulatory, manufacturing and operational disciplines of oncology drug development. In addition, with respect to overall drug manufacturing risks, the Company seeks to mitigate risk via the identification and utilization, where feasible, of redundant processes, vendors, and storage facilities.

A more detailed review of the risks and mitigation strategies concerning drug manufacturing follows below. The main risk factors being addressed by management include:

- completing the successful transition of drug manufacturing from academic-based laboratories to well-controlled commercial facilities under current Good Manufacturing Practice ("cGMP") conditions;
 - This has been the primary focus of the Company's drug manufacturing efforts from inception to date, and the data resulting from these efforts will be presented to the FDA during Q4 2007. Primary objectives for this data submission are to demonstrate appropriate comparability between prior and new drug lots, and to demonstrate adequately controlled manufacturing methods. To achieve success in this endeavor, the Company is reliant on the competency and performance of its contract manufacturing vendors, expert consultants, and its own performance in managing the efforts of those vendors.
- ensuring adequate supply chain management during the conduct of the proposed Phase III trial of Neuradiab;
 - Management is addressing the logistical and technical issues inherent with the usage of radiolabeled antibody drugs – such products have radioactive half-lives after which time they become unusable. To manage the risks in supply chain management, BMR utilizes the assistance of experts in the field of radiolabeled therapeutics and is using well-established vendors and proven systems that currently support the manufacturing and timely delivery of commercially

available radiolabeled products across the world. An extensive validation system is under development to ensure smooth supply chain control.

- optimizing the production of Neuradiab for commercial supply purposes;
 - Ongoing analysis and planning will continue during the early portion of the proposed Phase III clinical trial with respect to optimizing all aspects of Neuradiab manufacturing for future commercial supply, including such factors as raw material sourcing, monoclonal antibody production processes and analytics, and radiolabeling production scheduling and redundancy. Such optimization procedures are standard in the industry and BMR will evaluate the benefits, costs, timing and potential regulatory impact, as well as the appropriateness of any manufacturing change prior to any potential commercial scale changes that might differ from the current procedures conducted at commercial scale that were designed to support the proposed clinical trial.

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators' rules and forms. Our Chief Executive Officer and Chief Financial Officer have designed our disclosure controls and procedures as of September 30, 2007 to provide reasonable assurance that material information relating to the Company was made known to them and reported as required.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its accompanying financial statements in accordance with Canadian GAAP. For quarterly reporting periods, the Company's financial statements are approved by the Audit Committee. For annual reporting periods, the Company's financial statements are approved by the Board of Directors upon recommendation by the Audit Committee. The integrity and objectivity of these financial statements are the responsibility of management. In addition, management is responsible for all other information in this report and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. There have been no changes in internal control over financial reporting during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

The financial statements include amounts that are based on the best estimates and judgments of management. The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Board of Directors exercises this responsibility principally through the Audit Committee. The Audit Committee consists of three independent directors not involved in the daily operations of the Company. The Audit Committee meets with management and the external auditors to satisfy itself that management's responsibilities are properly discharged and to review the annual financial statements prior to their presentation to the Board of Directors for approval.

INVOLVEMENT OF EXTERNAL AUDITORS

The external auditors, DMCT, LLP, conduct the audit of the annual statements and the review of the interim statements, in accordance with Canadian generally accepted auditing standards, and provide a report of their findings to the Audit Committee. The external auditors have free and full access to the Audit Committee with respect to their findings concerning the fairness of financial reporting and the adequacy of internal controls.