

Bradmer Pharmaceuticals Inc.

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

For the Six Month Period Ended June 30, 2008

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 six month periods ended June 30, 2008, prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

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

This discussion and analysis was prepared by management using information available as at August 8, 2008. 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 11, 2008 (the "AIF"), and as highlighted below in the "Risk Factors" 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. We are focusing our current efforts on the treatment of Glioblastoma Multiforme ("GBM"), the most common and advanced form of primary brain cancer and usually lethal. 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. Doctors have administered the therapy 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-five patents which are pending in the United States and in other jurisdictions. We describe material terms of the license agreement in the AIF and in Note 8 of the Company's June 30, 2008 financial statements. The Company's primary objective is to advance Neuradiab toward commercialization via the execution of a Phase III clinical trial in a multi-center setting, with an intent to confirm previous observations of the safety and benefit of this treatment.

Clinical Development Status

Bradmer has been 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 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 was required to submit to the FDA revisions to its Investigational New Drug ("IND") application, including a complete Chemistry, Manufacturing and Control ("CMC") dossier, as well as the Clinical Protocol and related trial design and execution documents. We submitted these updates to the IND in the February to May 2008 time frame. In June 2008, the Company received notification from the FDA that the Phase III trial could proceed with patient enrollment evaluating Neuradiab as a front-line therapy for GBM. The FDA determined that the CMC dossier and the Clinical Protocol contained the

necessary information to support the execution of the Phase III clinical trial developed by Bradmer. In July 2008, we announced that we had enrolled the first patient in the GLASS-ART clinical trial. The Phase III GLASS-ART Trial derives its name from its description: GBM Locoregional Agent Survival Study - Antitenascin Radiolabeled antibody Therapy Trial.

Operational Achievements

During the three months ended June 30, 2008 and the period subsequent to this date, the Company achieved the following milestones in preparation for the intended Neuradiab multi-center trial and subsequent planned commercialization:

- Submitted and received approval from FDA on manufacturing and clinical dossiers to support the Phase III launch of the clinical trial;
- Received permission from the FDA to proceed with the launch of the Phase III GLASS-ART Trial evaluating Neuradiab as a front-line therapy for GBM;
- Initiated enrollment in the Phase III GLASS-ART clinical trial;
- Signed contracts with and activated an initial cohort of U.S. clinical trial sites, with a pipeline of additional sites being activated in line with previously stated site recruitment goals (>30);
- Successfully released a 2nd GMP drug substance batch for use in clinical trials and filed the related update to FDA;
- Submitted new data from the previous Phase II trial indicating that the mean time to progression free survival was 77 weeks, which compares favorably with other published results in newly diagnosed GBM.

Corporate Development Events

BMR was formed on February 10, 2006 by 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 to list its Common Shares 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. In conjunction with the offering, the Company issued 347,212 broker warrants exercisable at Cdn\$4.00 per common share expiring on June 22, 2009. 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, 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 that include the progress of the proposed Neuradiab clinical trial and data derived there from, 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 June 30, 2008 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:

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and investments that can be readily converted into a known amount of cash; are not subject to a significant risk of change in value and have original maturities of three months or less at the time of purchase.

Short-term investments

Short-term investments consist of highly liquid investments with original maturities greater than three months but less than one year when purchased. Short-term investments have been designated as held for trading and are carried at cost plus accrued interest which approximates fair value.

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 eight to 18 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 expensed 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 asset and 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 enacted or 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.

ACCOUNTING POLICY CHANGES

Capital Disclosures

Effective January 1, 2008, we adopted the recommendations of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1535, Capital Disclosures ("Section 1535"). The new standard requires an entity to disclose information to enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. Disclosure requirements pertaining to Section 1535 are contained in note 10 to the unaudited interim financial statements.

Financial Instruments - Disclosures

Effective January 1, 2008, we adopted the recommendations of CICA Handbook Section 3862, Financial Instruments - Disclosures ("Section 3862"). The new standard provides standards for disclosures about financial instruments, including disclosures about fair value and the credit, liquidity and market risks associated with the financial instruments. This adoption required additional disclosures in the notes to the financial statements found in note 11 to the unaudited interim financial statements.

Financial Instruments - Presentation

Effective January 1, 2008, we adopted the recommendations of CICA Handbook Section 3863, Financial Instruments - Presentation ("Section 3863"). Section 3863 provides standards for presentation of financial instruments and non-financial derivatives. Adoption of this standard did not have an impact on our financial instrument related presentation disclosures.

General Standards of Financial Statement Presentation

Effective January 1, 2008, we adopted the recommendations of CICA Handbook Section 1400, General Standards of Financial Statement Presentation, to change the guidance related to management's responsibility to assess the ability of the entity to continue as a going concern. Management is required to make an assessment of an entity's ability to continue as a going concern and should take into account all available information about the future, which is at least, but is not limited to, 12 months from the balance sheet dates. Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED

Goodwill and Intangible Assets

In 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets ("CICA 3064"). CICA 3064, which replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual financial statements for periods commencing January 1, 2009. The Company is assessing the impact of the new standard on its financial statements.

International Financial Reporting Standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011, when IFRS will be fully adopted. The impact of the transition of the impact to IFRS on our financial statements is not yet determinable; however, we have started the review of this matter.

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended June 30, 2008	Quarter Ended March 31, 2008	Quarter Ended December 31, 2007	Quarter Ended September 30, 2007	Quarter Ended June 30, 2007
Net loss	\$ (3,418,000)	\$ (3,157,000)	\$ (3,517,000)	\$ (2,284,000)	\$ (1,781,000)
Net loss per share	\$ (0.25)	\$ (0.23)	\$ (0.26)	\$ (0.17)	\$ (0.21)
	Quarter Ended June 30, 2007	Quarter Ended March 31, 2007	Quarter Ended December 31, 2006	Quarter Ended September 30, 2006	Quarter Ended June 30, 2006
Net loss	\$ (1,781,000)	\$ (1,853,000)	\$ (2,700,000)	\$ (457,000)	\$ (671,000)
Net loss per share	\$ (0.21)	\$ (0.24)	\$ (0.35)	\$ (0.06)	\$ (0.09)

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

RESULTS OF OPERATIONS

For the three-month period ended June 30, 2008, we recorded a net loss of \$3,418,000, or \$0.25 per common share based on the weighted average outstanding shares of 13,488,215. This compares to a net loss of \$1,781,000, or \$0.21 per common share for the three months ended June 30, 2007 based on the weighted average outstanding shares of 8,353,674. The increased loss in 2008 was primarily related to planned research and development spending with regard to the Company's lead clinical program, Neuradiab, in preparation for the proposed clinical trial, as well as the growth in the Company's administrative functions in anticipation of the clinical trial launch.

Research and development expenses for the second quarter of 2008 were \$2,565,000, an increase of \$1,298,000 from \$1,267,000 in the same period of 2007. The increase was primarily due to increased support costs from our new clinical research organization (CRO), ICON Clinical Research, for our Phase III clinical development program. The expenses incurred in 2008 were primarily related to drug manufacturing contracts of \$324,000, as well as amounts expensed to clinical research organizations of \$1,048,000. During the period, BMR expanded drug manufacturing analytical support and secured the agreement of a cohort of sites to participate in the clinical trial.

General and administrative expenses were \$905,000 in the second quarter of 2008 compared to \$594,000 in the prior year as a result of our progression as a public company requiring the recruitment of senior executives and additional administrative support. The portion of stock-based compensation, a noncash item, included in general and administrative expenses was \$99,000 for the quarter, as compared to \$73,000 for the same period in 2007. Interest income decreased to \$68,000 for the quarter from \$78,000 in the same period of 2007. The impact of the increase in cash balances was more than offset by the significant decline in interest rates over the past year.

For the six-month period ended June 30, 2008, we recorded a net loss of \$6,575,000, or \$0.49 per common share based on the weighted average outstanding shares of 13,488,215. This compares to a net loss of \$3,635,000, or \$0.45 per common share for the six months ended June 30, 2007 based on the weighted average outstanding shares of 8,069,091. The increased loss in 2008 was primarily related to planned research and development spending with regard to the Company's lead clinical program, Neuradiab, in preparation for the proposed clinical trial, as well as the growth in the Company's administrative functions in anticipation of the clinical trial launch.

Research and development expenses for the first six months of 2008 were \$4,833,000, an increase of \$2,162,000 from \$2,671,000 in the same period of 2007. The increase was primarily due to increased costs associated with manufacturing and support for our Phase III clinical development program and our new CRO. The expenses incurred in 2008 were primarily related to drug manufacturing contracts of \$1,174,000, as well as amounts expensed to clinical research organizations of \$1,264,000. During the period, BMR expanded drug manufacturing analytical support.

General and administrative expenses were \$1,860,000 in the first half of 2008 compared to \$1,115,000 in the prior year as a result of our progression as a public company requiring the recruitment of senior executives and additional administrative support. Recruitment fees of \$94,000 were incurred to retain a Chief Operating and Medical Officer and two clinical staff. The portion of stock-based compensation, a noncash item, included in general and administrative expenses was \$208,000 for the six months, as compared to \$146,000 for the same period in 2007. Interest income decreased to \$159,000 from \$164,000 in the same period of 2007, due to lower interest rates.

Second Quarter

The loss in the second quarter of 2008 increased when compared to that in the first quarter of 2008 primarily because of higher contract research organization costs. In particular, amounts expensed for CRO services increased to \$1,048,000 in the second quarter of 2008 from \$216,000 in the first quarter of 2008.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Our operational activities for the three-month period ended June 30, 2008 were financed by cash on hand and the proceeds of the public offering that closed on June 22, 2007, which yielded net proceeds of \$19.6 million. At June 30, 2008, we had working capital of \$11,503,000, as compared to \$17,802,000 at December 31, 2007. We had available cash and cash equivalents and short-term investments of \$13,320,000 at June 30, 2008, compared to cash of \$19,469,000 at December 31, 2007. The decrease was due to the operating losses incurred over the last six months.

Financial Instruments and Financing Risks

We believe that our current cash position should be sufficient to finance our operational and capital needs over the next 12 months and beyond. In order to fund the completion of the Phase III trial and successful submission of the Biologic License Application (“BLA”) to market our lead drug, Neuradiab, 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 and third party reimbursements for health care associated with patient participation in this trial, 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 June 30, 2008, there were 13,488,215 common shares issued and outstanding. In addition, the following securities have been issued that are convertible into common shares on a one-for-one basis:

Type of Security	Convertible into this Number of Common Shares	Expiry Date	Exercise Price (in Canadian Dollars)
Investor Warrants	2,893,435	June 22, 2011	\$5.60
Agent's Compensation Warrants	347,212	June 22, 2009	4.00
SUB TOTAL	3,240,647		
Stock Options	33,087	September 22, 2010	3.63
Stock Options	60,000	February 10, 2016	5.44
Stock Options	90,000	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	80,000	September 11, 2017	2.65
Stock Options	195,000	September 12, 2017	2.50
Stock Options	265,000	December 11, 2017	1.15
Stock Options	165,000	March 11, 2018	1.06
Stock Options	45,000	June 27, 2011	1.12
SUB TOTAL	1,198,747		
TOTAL	4,439,394		

As at August 8, 2008, we have 13.5 million common shares, 1.2 million options to purchase common shares and 3.2 million warrants to purchase common shares outstanding.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

We have no debt, guarantees, off-balance sheet arrangements, or capital lease obligations. The Company had no commitments for capital expenditures as of the date of this report. Other long-term obligations are discussed below.

As at June 30, 2008, and in the normal course of business, we are obligated to make certain future payments under contracts and other commitments in the amounts shown below:

	2008	2009	2010
Commitments under Clinical Trial related Agreements (1)	\$1,650,000	\$3,450,000	\$0
Commitments Under License Agreements (2)	\$50,000	\$50,000	\$50,000
Operating Lease Commitments	\$0	\$0	\$0
Totals	\$1,700,000	\$3,500,000	\$50,000

(1) Clinical trial related commitments are primarily comprised of (a) milestone-based payments to a contract research organization, (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 in 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.

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2008, the Company incurred legal fees of approximately \$61,600 (June 30, 2007 - \$387,000) to a law firm in which a director of the Company is a partner. Such transactions were conducted under normal business terms and the amounts charged were recorded at their exchange amounts. Included in accounts payable and accrued liabilities as at June 30, 2008 is approximately \$54,000 (December 31, 2007 - \$42,000) owing to this firm.

FUTURE PROSPECTS

The Company has advanced its lead drug for brain cancer, Neuradiab, into a Phase III clinical trial. This milestone was accomplished with the launch of the Phase III program in June 2008. 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 BLA, which may result in initial marketing approval or is appropriate for partnership considerations. At present, the Company's value proposition is derived from the historical clinical trial results for Neuradiab for the treatment of GBM, and the de-risking accomplishments it has achieved in regulatory, manufacturing, and clinical development disciplines after the licensing of the technology from Duke University. 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, seven 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 multi-center 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 standard of care treatment for GBM had been surgical resection followed by various forms of radiation therapy. In 2005, the FDA approved an oral chemotherapy agent known as temozolomide (Temodar™ by Schering-Plough) 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 we do not expect it 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, as well as an increase in progression-free survival.

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

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

- continue the execution of clinical trial contracts with leading GBM treatment centers across the U.S.;
- ramp-up enrollment in the Phase III GLASS-ART Trial for Neuradiab; and
- complete the run-in phase for 60 patients and submit Data Safety Monitoring Board data to the FDA.

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.

RISK FACTORS

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:

- the failure to obtain requisite regulatory approvals (including the approval of the FDA) for the Company's lead drug, Neuradiab, and/or, the potential necessity for additional clinical trials for U.S. and worldwide regulatory approval, and other inherent uncertainties related to the regulatory approval process;
- changes in the regulatory environment related to the use of Neuradiab as a therapeutic or guidelines for the use or transport of radioisotopes;
- failures by third parties engaged by the Company to remain going business concerns or perform adequately their responsibilities, including with respect to clinical testing, monitoring and manufacturing of products;
- failure to maintain adequate source material or critical reagents required to manufacture Neuradiab;
- the ultimate costs associated with the proposed clinical trial and research may be greater than estimated by the Company at the current time;
- changes in regulatory environment or third party reimbursement payments for such treatments;
- the successful and timely completion of clinical studies;
- changes in the standard of care or breakthroughs that might influence GBM therapy;
- changing competitive technology and market conditions;
- 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; 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:

- 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 in the usage of radiolabeled antibody drugs as such products have radioactive half-lives of approximately eight days 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 such as container closures and transport couriers 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; and
- optimizing the production of Neuradiab for commercial supply purposes;
 - Ongoing analysis and planning will continue during the early portion of the 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.

A detailed list of the risks and uncertainties affecting us can be found in our Annual Information Form for the year ended December 31, 2007 and subsequent public documents filed on SEDAR.

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 Audit Committee approves the Company's financial statements. For annual reporting periods, the Board of Directors upon recommendation by the Audit Committee approves the Company's financial statements. 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 three months ended June 30, 2008 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.