INOVIO PHARMACEUTICALS, INC.

FORM 10-K
(Annual Report)

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Address	11494 SORRENTO VALLEY ROAD
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[ ] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM APRIL 1, 2001 TO DECEMBER 31, 2001

COMMISSION FILE NO. 0-29608
GENETRONICS BIOMEDICAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (State or other jurisdiction of incorporation or organization)	33-0969592 (I.R.S. Employer Identification No.)
11199 SORRENTO VALLEY ROAD SAN DIEGO, CALIFORNIA (Address of principal executive offices)	92121-1334 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (858)597-6006

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

COMMON STOCK, $0.001 PAR VALUE

(Title of Class)

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The number of shares outstanding of the Registrant's Common Stock, $0.001 par value, was 34,860,167 as of March 20, 2002. The aggregate market value of the voting stock (which consists solely of shares of Common Stock) held by non-affiliates of the Company as of March 20, 2002 was approximately $18,520,491 based on $0.54, the closing price on that date of Common Stock on the American Stock Exchange. *

* Excludes 562,961 shares of Common Stock held by directors and officers, and shareholders whose beneficial ownership exceeds 10% of the shares outstanding on March 20, 2002. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the Company, or that such person is controlled by or under common control with the Company.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement issued in connection with the Annual Meeting of Stockholders of the Registrant to be held on or about April 29, 2002, are incorporated herein by sequence into Part III. Certain exhibits filed with the Registrant's prior filings with the SEC are incorporated herein by reference into Part IV of this report.

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THIS ANNUAL REPORT ON FORM 10-K CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. SUCH STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS CONTAINING THE WORDS "BELIEVES," "ANTICIPATES," "EXPECTS," "ESTIMATES" AND WORDS OF SIMILAR MEANING. THE COMPANY'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM ANY FORWARD-LOOKING STATEMENTS, WHICH REFLECT MANAGEMENT'S OPINIONS ONLY AS OF THE DATE OF THIS REPORT, AS A RESULT OF SUCH RISKS AND UNCERTAINTIES. THE COMPANY UNDERTAKES NO OBLIGATION TO REVISE OR PUBLICLY RELEASE THE RESULTS OF ANY REVISIONS TO THESE FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE, BUT ARE NOT LIMITED TO, THOSE FOUND IN THIS ANNUAL REPORT ON FORM 10-K IN PART I, ITEM 1 UNDER THE CAPTION "CERTAIN RISK FACTORS RELATED TO THE COMPANY'S BUSINESS," IN PART II, ITEM 7 UNDER THE CAPTION "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND ADDITIONAL FACTORS DISCUSSED ELSEWHERE IN THIS ANNUAL REPORT AND IN OTHER DOCUMENTS THE COMPANY FILES FROM TIME TO TIME WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING ITS QUARTERLY REPORTS ON FORM 10-Q. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS.

PLEASE NOTE THAT UNLESS OTHERWISE INDICATED, ALL REFERENCE TO MONEY IS STATED IN UNITED STATES DOLLARS.

On March 20, 2002, the Interbank rate of exchange for converting Canadian dollars into United States dollars equalled 1.5848 Canadian dollars for one (1) United States dollar. The following table presents a history of the exchange rates of Canadian dollars into one (1) United States dollar for the five most recent fiscal years of our company.

Fiscal Periods Ended	Nine Months Ended December 31, 2001	Twelve Months Ended March 31, 2001	Twelve Months Ended March 31, 2000	Twelve Months Ended March 31, 1999	Thirteen Months Ended March 31, 1998
Period End	1.5911	1.5767	1.4494	1.5104	1.4218
Average	1.5560	1.5038	1.4661	1.5031	1.3994
Period's High	1.6058	1.5791	1.4878	1.5845	1.4686
Period's Low	1.5065	1.4470	1.4524	1.4144	1.3594

PART I

ITEM 1. BUSINESS

OVERVIEW

We are a San Diego-based biotechnology company developing drug and gene delivery systems that uses Electroporation Therapy (EPT) to deliver drugs and genes into cells. EPT is the application of brief, pulsed electric fields to cells, which causes tiny pores to temporarily open in the cell membrane. Immediately after EPT, the cell membrane is more permeable to drugs and genes. One of the major difficulties in many forms of drug or gene therapy is that the drug or gene is often not able to penetrate the relatively impermeable walls of cells. The pores produced by EPT permit entry of such agents into cells to a much greater extent than if the drug or gene was administered without EPT. We operate through two divisions: (i) the Drug and Gene Delivery Division and (ii) the BTX Instrument Division. Through the BTX Instrument Division, the Company develops, manufactures, and markets electroporation instrumentation and accessories used by scientists and researchers to perform genetic engineering techniques, such as cell fusion, gene transfer, cell membrane research and genetic mapping in research laboratories worldwide. Through the Drug and Gene Delivery Division, the Company is developing drug delivery systems that are designed to use EPT to enhance drug or gene delivery in the areas of oncology and gene therapy. The Company sells the majority of its BTX products to customers in the United States, Europe, and East Asia.

On June 15, 2001, the Company completed a change in its jurisdiction of incorporation from British Columbia, Canada into the state of Delaware. The change was accomplished through a continuation of Genetronics Biomedical Ltd., a British Columbia Corporation, into Genetronics Biomedical Corporation, a Delaware corporation. The Company also changed its fiscal year end from March 31 to December 31.

RECENT DEVELOPMENT OF THE BUSINESS OF THE COMPANY

Over the last three years, our Drug and Gene Delivery Division has focused its efforts on applying EPT in the areas of oncology and gene therapy.

In January 2001, we completed a clinical data review, which confirmed the results of our Phase II North American trials. See “Business — Drug and Gene Delivery Division — Clinical Studies”. We have continued to carry out clinical studies in Europe using the MedPulser® System to deliver bleomycin in the treatment of cancer. The results from these clinical studies allowed us to obtain CE Mark certification qualifying the MedPulser® System for sale in Europe. We are continuing to carry out clinical trials in Europe using the MedPulser® System to deliver bleomycin in the treatment of both early and late stage head and neck cancer patients. During our current fiscal year we plan to initiate Phase III clinical trials in the United States using the MedPulser® System to deliver bleomycin for the treatment of late stage head and neck cancer. We also intend to initiate clinical trials using the MedPulser® System to deliver bleomycin for the treatment of at least two other cancers. See “Business — Business Objectives and Milestones”.

Over the last three years, our focus in gene therapy has resulted in our entering into an aggregate of 22 CRADAs with, amongst others, Boehringer Ingelheim International GmbH, Chiron, Valentis, Johnson & Johnson Research Pty Ltd, and two United States Naval Medical Centers to assess the viability of using our MedPulser® System for various gene therapy applications. See “Gene Therapy — Partners and Collaborations”.

In November 2001, we entered into a non-exclusive license and supply agreement with Valentis regarding the use of our MedPulser® System for *in vivo* delivery of certain Genemedicine™ products. Under the license, Valentis is developing the use of its GeneSwitch™ gene regulation technology with our MedPulser® System for the delivery and regulation of up to four genes, including the EPO gene for the stimulation of red blood cell production in the treatment of anemia. See “Business — Gene Therapy— Partnerships and Collaborations” and “Risk Factors”. In our current fiscal year, we plan to enter into at least two agreements with respect to the licensing of our MedPulser® System for use in the delivery of specific genes and to initiate our own clinical trials with respect to the use of our MedPulser® System in the delivery of a gene in the public domain or which we have in-licensed. See “Business — Business Objectives and Milestones” and “Business — Gene Therapy— Partnerships and Collaborations”.

Over the last three years, the BTX Instrument Division (BTX) has focused its efforts on product development and promotion of a new line of products for developing sophisticated applications. In August 1999 we introduced the ECM 630, an exponential decay wave EPT system that utilizes a precision pulse technology, the new BTX Platform technology, and an all-new digital user interface. During 2000 and 2001, publications outlined the utilization of BTX equipment in newly developing animal *in vivo* gene delivery research. In the support of this research, we expanded our *in vivo* electrode offering and continue to emphasize the development of novel applicators.

In October, 2001, we reorganized our workforce to more effectively manage existing resources and to accommodate our stronger focus on oncology and gene therapy. As a result, we reduced our workforce by 16 employees at an estimated cost of approximately $211,000.

BUSINESS OBJECTIVES AND MILESTONES

We intend to accomplish the following business objectives and milestones over the next two years:

(1) initiate Phase III clinical trials in the United States using the MedPulser® System to deliver bleomycin for the treatment of late stage head and neck cancer, as soon as approval to initiate treatment is received from the FDA. See “Business— Oncology —Overview”;

(2) continue clinical trials in Europe using the MedPulser® System to deliver bleomycin for the treatment of both early and late stage head and neck cancer. See “Business — Oncology —Overview”;

(3) initiate clinical trials using the MedPulser® System to deliver bleomycin for the treatment of at least two other cancers on or before December 31, 2002. See "Business — Oncology — Overview";

(4) enter into at least two agreements with respect to the licensing of our EPT technology for use in the delivery of specific genes on or before December 31, 2002. See "Business — Gene Therapy — Overview "; and

(5) initiate clinical trials with respect to the use of our EPT technology in the delivery of a gene in the public domain or which we have in-licensed on or before June 30, 2002. See "Business — Gene Therapy — Research and Development".

DRUG AND GENE DELIVERY DIVISION

The Drug and Gene Delivery Division develops equipment that is designed to allow physicians to use EPT to achieve more efficient and cost-effective delivery of drugs or genes to patients with a variety of illnesses. Although there are many diseases where improved drug or gene delivery is important, we believe that our greatest opportunities lie in applying EPT in the areas of oncology and gene therapy and we are focusing our efforts on these applications.

ONCOLOGY

OVERVIEW

In oncology, we have completed Phase II clinical trials in the United States using the MedPulser® System to deliver bleomycin in the treatment of late stage head and neck cancer. Bleomycin is a very effective generic chemotherapeutic agent that induces single and double strand DNA breaks in cancer cells; however, because of its size it is difficult to deliver across the cell membrane. We have chosen bleomycin as the chemotherapeutic agent that we deliver in the treatment of cancer because of its aggressive effect as a chemotherapeutic agent and because EPT appears to address its delivery challenges. Bleomycin has been approved by the FDA in the United States and the Health Protection Branch in Canada, and has been used as a chemotherapeutic agent in North America for the treatment of cancer for more than 25 years.

We expect to initiate Phase III clinical trials in the United States using the MedPulser® System to deliver bleomycin in the treatment of late stage head and neck cancer patients, upon receiving the approval of the FDA to initiate treatment. Late stage head and neck cancer patients are patients who have failed conventional therapies such as surgery or chemotherapy.

We have completed a number of other clinical studies in Europe, Canada and Australia using the MedPulser® System to deliver bleomycin in the treatment of liver, pancreatic, basal cell and Kaposi's sarcoma cancers. The results from the clinical studies that we carried out in Europe have allowed us to obtain a CE Mark certification qualifying the MedPulser® System for sale in Europe. We are continuing to carry out clinical studies in Europe using the MedPulser® System to deliver bleomycin in the treatment of both early and late stage head cancer

In addition to our work in head and neck cancer, we plan to use the MedPulser® System to deliver bleomycin in the treatment of other cancers. We are currently reviewing a number of other cancers in order to assess our competitive advantage in the treatment of the cancers and the size of the market that we might serve. Once we have completed our review, we intend to select two or more cancers and to initiate clinical trials using the MedPulser® System and bleomycin in the treatment of two or more of such cancers.

PARTNERSHIPS AND COLLABORATIONS

On September 20, 2000, the University of South Florida Research, Inc. ("USF") granted us an exclusive, worldwide license to its rights in certain patents and patent applications generally related to needle electrodes. The agreement is effective as of May 9, 1995. Genetronics and USF jointly developed these electrodes. The terms of the exclusive license include a royalty to be paid to USF based on net sales of products under the license. As of September 30, 2001, no royalty had accrued as we had not yet generated any sales from this product. In addition, we issued a total of 150,000 Common Shares and a total of 600,000 Warrants (some of which will vest subject to the occurrence of specified milestones) to USF and its designees, Drs. Heller, Jaroszeski, and Gilbert.

On October 6, 1998, we entered into a License and Development Agreement and a Supply Agreement with Ethicon, Inc., a Johnson & Johnson company, involving the use of our MedPulser® System for EPT Therapy in the treatment of solid tumor cancer. In addition, Johnson & Johnson Development Corporation purchased $6 million of our Common Shares at a price of $2.68 per share, pursuant to a Stock Purchase Agreement. On August 5, 1999, we announced that Ethicon, Inc. had assigned the License and Development Agreement and Supply Agreement to Ethicon Endo-Surgery, Inc., another Johnson & Johnson company. On July 26, 2000, we received written notice from Ethicon Endo-Surgery, Inc. that it had elected to exercise its discretionary right to terminate, without cause, the License and Development Agreement and the Supply Agreement. As a result, all rights for the development and distribution of Genetronics proprietary EPT drug delivery system for the treatment of cancer were returned to us on January 22, 2001.

On October 31, 1997, we entered into a supply agreement with Abbott Laboratories ("Abbott") to purchase the approved anti-cancer drug bleomycin for use in the United States with our MedPulser® System after regulatory approval had been granted for its use in the treatment of patients with solid tumor cancers. Under a separate agreement, we entered into a supply agreement with Faulding, Inc. to purchase bleomycin for use in Canada after regulatory approval had been granted for its use. Both agreements provide that we may purchase bleomycin from time to time in accordance with the terms of the respective agreements. Both agreements continue from year to year until terminated by either party.

MARKET

Our Drug and Gene Delivery Division hopes to market our MedPulser® System to deliver chemotherapeutic agents, such as bleomycin, in the treatment of cancer. The World Health Organization reports that cancer will remain one of the leading causes of death worldwide for years to come. In the United States, approximately 13 million new cases of cancer were diagnosed between 1990 and 1999. In the United States the costs of cancer, including mortality, morbidity and direct medical costs, exceed $107 billion per year: approximately $37 billion for direct medical costs (total of all health expenditures); at least $11 billion for indirect morbidity costs (cost of lost productivity due to illness); and over $59 billion for indirect mortality costs **.** In the United States, the cumulative dollar value of treatments and technologies commonly used in the curative and palliative management of cancer exceeded $8 billion in 1999 and is expected to continue to grow at a rate of approximately 12% annually.

There is still very much that scientists do not know about cancer; consequently, there are significant unmet needs in its treatment. The oncology business unit within the Drug and Gene Delivery Division has initially targeted those indications, such as late stage head and neck cancer, for which current treatments result in a poor quality of life and very high mortality rates.

TREATMENT OF TUMORS

Equipment made by our BTX Instrument Division has been used by our investigators and researchers to screen drugs for their effectiveness in killing tumor cells *in vitro* and to study the drugs' mode of action. Our scientists, and outside researchers, also have studied the combination of EPT and various agents to destroy tumors in animals and humans.

In most of the clinical protocols using EPT, the site of the tumor is anesthetized and bleomycin is injected directly into the tumor. Bleomycin is allowed to diffuse throughout the tumor, which can take one to several minutes depending on the size, type and location of the tumor. Once bleomycin is distributed in the tumor, the electrical field is applied by the MedPulser® System so as to create a greater permeability in the cells walls to allow bleomycin to enter the cells.

The entire procedure can be completed in 20 minutes or less and typically needs to be done only once. The dosage of drug used in the published results is based on tumor volume, and is typically a small fraction (1/3 to as little as 1/50th) of the dosage that would be used if injected into the patient's blood, as is usually done in chemotherapy. As a result of the lower dosage administered locally, side effects have been minimal. No episodes of injury to normal (non-tumor) tissue adjacent to the tumors have been observed in the patients treated to date.

CLINICAL TRIALS

North America Trials

In late 1997 the FDA granted us clearance to initiate multi-center Phase II clinical trials in the United States utilizing the MedPulser® System in combination with bleomycin to treat squamous cell carcinoma of the head and neck in late stage patients who had failed conventional therapies such as surgery or chemotherapy. We obtained IND clearance from the Canadian Health Protection

Branch to initiate similar clinical trials in Canada. Two Phase II protocols were initiated. The first Phase II protocol was a cross-over-controlled study evaluating the effectiveness of using the MedPulser® System to deliver bleomycin to treat tumors that failed an initial bleomycin-alone treatment. The second Phase II protocol was a single arm study that evaluated the effect of bleomycin as an initial treatment of the tumors.

Twenty-five patients were enrolled in the cross-over controlled study and 25 patients were enrolled into the single arm bleomycin-EPT trial. The results based on the primary endpoint for response (greater than or equal to 50% reduction in tumor size) are provided in the table below.

			Response [1]	
Clinical Trials and Studies	**Patients**	**Tumors**	**Responding Tumors(2)**	**Non-Responding Tumors**
North America Phase I/II — bleomycin/EPT	8	8	6(75%)	2(25%)
North America Phase II — bleomycin only	25	37	1(3%)	36(97%)
North America Phase II — bleomycin/EPT	17	20	11(55%)	9(45%)
North America Phase II — bleomycin/EPT	25	31	18(58%)	13(42%)
European Study — bleomycin/EPT	12	18	10(56%)	8(44%)

(1) Four tumors could not be evaluated. The fact that these tumors could not be evaluated did not adversely affect the overall tumor response.

(2) This represents overall tumor response, which includes complete and partial responses to treatment. Complete response means that no sign of the tumor is present. Partial response means that response to the treatment is greater than or equal to 50% reduction in tumor size.

The two Phase II protocols involved a total of 51 tumors treated with bleomycin and EPT. Tumors treated in the trial include squamous cell carcinoma of the face, oral cavity, pharynx, larynx and sinus. The size of tumors treated ranged from less than one cubic centimeter to more than 132 cubic centimeters. In the crossover controlled Phase II study, patients initially received only bleomycin. Patients who did not respond to bleomycin alone were then treated with the complete system of bleomycin and EPT. Of the 37 tumors on 25 patients treated only with bleomycin, only one demonstrated a partial clinical response. Seventeen of these patients, having 20 lesions, were subsequently treated with bleomycin and EPT and 55% achieved an overall (complete + partial) clinical response. In the open-label Phase II (single arm) study, all patients received full bleomycin and EPT as their initial treatment. Among the 25 patients (31 tumors) so treated, 58% achieved an overall clinical response of 50% or greater reduction of tumor size.

International Trials

In late 1997 and early 1998, we received ethics committee approval from multiple Consulting Committees for the Protection of Humans in Biomedical Research to initiate clinical trials in France in patients with pancreatic cancer, metastatic cancer in the liver, head and neck cancer, melanoma and Kaposi’s sarcoma. These trials were initiated to demonstrate the MedPulser® System device’s safety and performance in treating a variety of solid tumors in support of CE Mark certification in accordance with the essential requirements of Medical Device Directive 93/42/EEC. Results from the patients with head and neck cancer are reported under the European Study under Clinical Trials above. We received CE Mark certification in March 1999. This certification allows us to market our MedPulser® System within the countries of the members of the European Union.

RESEARCH AND DEVELOPMENT

Our Drug and Gene Delivery Division has, in the past, directed its research and development activities to the areas of oncology, gene therapy, vascular therapy, transdermal delivery and dermatology. At present, our areas of focus are oncology and gene therapy.

The following table summarizes the programs of the Drug and Gene Delivery Division in the area of oncology, the primary indications for each product and the current status of development. “Pre-clinical data” means the program is at the stage where results from animal studies have been obtained. “Clinical Trials” means that human data is available.

Oncology Summary Table

Programs	Development Status	Stage of Approval	
		United States & Canada	Europe
Head and Neck Cancer	Clinical Trials	Phase II Clinical Trials	CE Mark and ISO 9001 Received
Melanoma			
Metastatic Liver Cancer	Clinical Trials	N/A	CE Mark and ISO 9001 Received
	Clinical Trials	N/A	CE Mark and ISO 9001 Received
Basal Cell Carcinoma	Clinical Trials	N/A	CE Mark and ISO 9001 Received
Kaposi Sarcoma	Clinical Trials	N/A	CE Mark and ISO 9001 Received
Peripheral Sarcoma	Pre-clinical data	N/A	CE Mark and ISO 9001 Received
Breast Cancer	Pre-clinical data	N/A	CE Mark and ISO 9001 Received
Prostate Cancer	Pre-clinical data	N/A	CE Mark and ISO 9001 Received
Glioma	Pre-clinical data	N/A	CE Mark and ISO 9001 Received
Pancreatic Cancer	Pre-clinical data	N/A	CE Mark and ISO 9001 Received
Effectiveness of Different Drugs in EPT	Pre-clinical data	N/A	CE Mark and ISO 9001 Received
Mechanisms of Action of Bleomycin/EPT	Pre-clinical data	N/A	CE Mark and ISO 9001 Received

Our research and development efforts in the field of oncology will focus on preparing for a strategic alliance with a major partner in oncology, expanding applications of the MedPulser® System, and designing the next generation of EPT devices. Preparations for forging a strategic alliance include the organization and summarizing of pre-clinical and engineering data and records to be able to convey information to strategic partners in the most effective manner. The expansion of the MedPulser® System to additional applications is intended to involve pre-clinical and engineering work regarding the delivery of drugs other than bleomycin, treatment of additional types of cancers, and the design and manufacture of new types of electrode applicators, such as an applicator for treating laryngeal cancer. Our research into the development of second generation EPT devices for cancer treatment will include an analysis of the efficacy of different frequencies of electroporation and the possible development of a device specifically targeted for treating deep-seated tumors, such as prostate tumors. Finally, we will continue to strengthen our intellectual property position in the oncology area by pursuing patent protection of new inventions.

COMPETITION

We develop and manufacture clinical EPT systems. To our knowledge, our only competitor in this arena in the field of oncology is Ichor Medical Systems (“Ichor”) which announced on October 10, 2001 that it had entered into an exclusive agreement with Vical Incorporated to develop products based on Vical’s naked DNA technology and delivered by Ichor’s proprietary electroporation systems. Ichor has announced that it is conducting a Phase I clinical trial for non-resectable pancreatic cancer using EPT and an undisclosed chemotherapeutic agent. Additional competition to the oncology unit of the Drug and Gene Delivery Division will likely come from other drug delivery companies such as Alza Corporation; Elan Corporation; and Inex Pharmaceuticals Corporation; and from biotechnology companies such as ImClone Systems Incorporated, OSI Pharmaceuticals, Inc.; QLT, Inc.; Targeted Genetics Corporation and Matrix Pharmaceuticals, Inc.

We also face competition from existing therapies, some of which have been widely practiced for many years. The currently approved methods of treatment used in oncology include surgery, chemotherapy, radiation and stimulation of the immune system. There are a number of other methods of treatment being developed for use in oncology.

GENE THERAPY

BACKGROUND

Gene therapy, involves the introduction of new genetic information into cells for therapeutic purposes. In gene therapy, cells of the body are transfected with a specific functioning gene to compensate for a genetic defect that results in a deficiency of a specific protein factor. In this context, one goal of gene therapy is to convert target cells or tissues into “protein factories” for the production and secretion of a normal protein for local or systemic treatment. Many genetic illnesses, including those currently treated by regular injection of a missing protein, can potentially be “cured” by supplying the functional gene to a sufficient number of cells under conditions which allow these cells to produce a therapeutically effective dose of the protein.

Currently, single-gene recessive genetic disorders are the most accessible targets for correction by gene therapy, but ultimately researchers believe that polygenic and acquired diseases will be treated by using genes as pharmaceutical agents. In principle, any aspect of metabolism can be manipulated by modifying gene function, and it is this application of gene therapy that has enormous potential, extending far beyond the treatment of rare genetic diseases. For example, the ability to influence cellular metabolism by introducing specific genes has led to extensive investigation into the use of gene therapy for cancer treatment. By adding a tumor suppressor gene to certain types of cancers, the uncontrolled growth of those cells potentially could be brought under normal regulation. Likewise, transfecting tumor cells with genes capable of inducing programmed cell death is designed to result in tumor death.

The methods of introducing genes have two specific approaches. Gene therapy can be performed either *ex vivo* or *in vivo* . *Ex vivo* gene therapy is the transfection of cells outside the body. Typically, a small amount of tissue is removed from the patient and the cells within that tissue are put into culture. After they have grown to a sufficient mass, new genetic information is introduced into the cells for therapeutic purposes. The genetically modified cells, typically blood, bone marrow or others, are then returned to the patient, usually by blood transfusion or direct engraftment. *In vivo* gene therapy is the introduction of genetic information directly into cells in the patient’s body. Theoretically, any tissue or cell type in the body can be used, and the choice is dependent on the specific goals of treatment and indications being treated. For internal tissue targets, a gene may be transfused through the blood stream to the organ or site of action, or it may be injected at the desired site, which may then be electroporated to allow the gene to pass through the cell membrane.

Genes can also be applied topically or by injection to skin and then transferred into the cells of the skin by EPT. We are currently investigating skin gene delivery by EPT. The skin is also an attractive target for DNA vaccination. “Vaccinating” skin with DNA that encodes a specific antigen present in infectious agents or in tumor cells can produce beneficial immunological responses. Genes can also be used to directly fight cancer.

To make gene therapy a reality, many obstacles have to be overcome, including the safe, efficient delivery of the intact DNA construct into cells. The instrumentation we use for high-efficiency *in vivo* gene transfer is derived from the instrumentation we developed for intratumoral and transdermal drug delivery. We believe EPT may become the method of choice for DNA delivery to cells in many applications of gene therapy.

OVERVIEW

In gene therapy, we have adopted the strategy of co-developing or licensing our gene delivery technology for specific genes or specific medical indications. In most cases, we contribute our MedPulser® System and our proprietary expertise to optimize the delivery of genes for particular applications, and a partner company provides its proprietary gene or gene regulation technology. Our collaboration with partners allows pre-clinical research and clinical trials to be undertaken which may lead to the introduction of a new treatment and/or products in the marketplace. We intend to enter into at least two agreements with respect to the licensing of our EPT technology for use in the delivery of specific genes on or before December 31, 2002. See “Business — Business Objectives and Milestones”.

On June 9, 2000, we announced that research studies using our EPT systems were presented at a major international gene therapy conference. Additionally, pursuant to collaborations with Chiron and Valentis, our technology has shown to effectively deliver a variety of genes and DNA vaccines to skin and muscle of animals, including non-human primates. Between October 2000 and May 2001, we entered into five CRADAs with two Naval Medical Centers to assess the feasibility of using EPT for *in vivo* gene

delivery. These collaborations will continue to assess the viability of using EPT for *in vivo* gene delivery. See "— Gene Therapy Partnerships and Collaborations".

PARTNERSHIPS AND COLLABORATIONS

In November 2001, we entered into a non-exclusive license and supply agreement with Valentis to use our MedPulser® System in the development of its Genemedicine™ products. When combined with Valentis' GeneSwitch™ gene regulation system, EPT allows researchers to control the level and duration of gene expression in cells for up to several months. Valentis is currently developing the use of its GeneSwitch™ gene regulation system with our MedPulser® System for the delivery and regulation of up to four genes, including the EPO gene for the stimulation of red blood cell production in the treatment of anemia. On April 26, 2001, we entered into a Material Transfer and Evaluation Agreement with Boehringer Ingleheim Pharma KG to evaluate the effectiveness of EPT in the delivery of genes for the treatment of cardiovascular disease.

On October 18, 2000, we entered into a CRADA with the Maryland Naval Medical Research Center, to evaluate the effectiveness of EPT in the delivery of an improved DNA vaccine in the treatment of malaria. On January 31, 2001, we entered into two CRADAs with the San Diego Naval Medical Center to evaluate the effectiveness of EPT with regard to *in vivo* gene delivery. On March 15, 2001 and May 4, 2001, we entered into two further CRADAs with the San Diego Naval Medical Center to evaluate the use of EPT with regard to *in vivo* gene delivery.

The research carried out under the above agreements may result in our entering into license agreements with the other parties and will provide us with additional data that will assist us in assessing the efficacy of using our MedPulser® System for gene delivery and delivery of DNA vaccines and will further assist us in our other licensing and commercialization efforts.

We have entered into two evaluation agreements with Chiron to evaluate the delivery of one or more of Chiron's DNA vaccines using our EPT for the treatment of infectious diseases. In accordance with these agreements, we have granted an option to Chiron, during the terms of the agreements and for three months thereafter, to license our EPT technology for use in the field of certain DNA vaccines. The First Agreement expired on March 1, 2002, but is in the process of being extended by the parties. The Second Agreement expires on November 11, 2003, unless extended by the parties.

In addition to the above collaboration and licensing arrangements, we intend to develop our own gene therapeutic. Currently we are performing an extensive assessment of candidate genes with respect to their availability, their probable effectiveness with respect to a particular disease, our competitive advantage regarding the delivery of the gene, and the size of the market we might serve. Once we have completed our review, we will negotiate a license for the gene if it is not in the public domain and plan to initiate pre-clinical studies with respect to its safety and efficacy when using EPT to deliver the gene into the cells of animals. If our pre-clinical data is positive, we intend to proceed to file an IND with the FDA with respect to the use of EPT to deliver the gene in humans in the treatment of the chosen disease.

MARKET

The gene therapy market includes treatment of single gene defects as well as complex polygenics diseases such as cancer and vascular diseases. Examples of markets for single gene defects include hemophilia, sickle cell anemia, and EPO deficiency. Hemophilia A and B are presently treated with recombinant proteins with a combined market approaching $2 billion in the United States. . For sickle cell anemia, one of the most prevalent genetic diseases, there is presently no effective and sustainable treatment available; however, approximately 50,000 people in the United States suffer from this genetic defect. *(Sources: The Sickle Cell Information Centre)* . The number of patients outside the United States is many times higher. EPO deficiency affects cancer patients undergoing chemotherapy, patients with chronic kidney failure, and others. Presently, the market for recombinant EPO protein is approximately $4 billion worldwide.

In addition to the many diseases caused by single gene defects, the two major polygenic disease groups, vascular disease and cancer, are prime targets for gene therapy. For the market in cancer, see "Business— Drug and Gene Delivery Division — Market — Oncology". The overall market for vascular diseases exceeds the market for cancer by at least 20%.

RESEARCH AND DEVELOPMENT

The following table summarizes the programs of the Drug and Gene Delivery Division in the area of gene therapy, the primary indications for each product and the current status of development. “Pre-clinical data” means the program is at the stage where results from animal studies have been obtained. “Clinical Trials” means that human data is available.

Programs	Development Status	Partnership or Collaboration
In vivo Gene Transfer to Muscle — hormones, cytokines, DNA vaccines	Pre-clinical data	Valentis; Chiron; U.S. Navy; National Institutes of Health
In vivo Gene Transfer to Skin DNA vaccines, hormones, regulatory proteins	Pre-clinical data	U.S. Navy; University of Pennsylvania,
In vivo Gene Transfer to Blood Vessels — marker genes	Pre-clinical data	Boehringer Ingleheim Pharma KG, Germany.
In vivo Gene Transfer to Tumors — antiangiogenic, cytokine, and suicide genes	Pre-clinical data	University of Michigan; Kumamoto University

We intend to proceed with the joint projects that we are currently working on with our partners as set out above. We also intend to expand ongoing collaborations and to forge new alliances and research collaborations with the goal of having these relationships mature into licensing agreements.

In addition, we plan to complete pre-clinical research of other gene therapy projects that we intend to carry out ourselves. We intend to continue with these projects through clinical trials and development into products, provided that milestones of safety, efficacy, and commercial viability are successfully reached along the path to development. One of these projects targets the treatment of sarcomas, a form of cancer that can involve muscle, connective and/or bone tissue. Other projects presently under evaluation include the treatment of hemophilia, a therapeutic vaccine for a major infectious disease, prevention of organ transplant rejection, and immunotherapy of cancer. From this group, the one or two most promising projects will be picked with the intention to pursue these projects through the pre-clinical and clinical phases toward regulatory clearance. Other research and development activities will target improvements in DNA delivery, both *in vivo* and *ex vivo* , and the strengthening of our intellectual property position in the fields of DNA delivery, gene therapy, and DNA vaccines.

COMPETITION

The main competitive technologies to our technology in the area of gene therapy are the following :

- viral DNA delivery;
- lipid DNA delivery;
- biolistic delivery of DNA; and
- the injection of “naked” DNA.

To our knowledge, we are presently the only company that has the capability to manufacture electroporation equipment under GMP. Our competitors include several companies who either have rights to intellectual property related to electroporation devices, to electroporation methods, or to applications of electroporation. These competitors include Aventis Pharmaceuticals; Ichor Medical Systems Inc.; Inovio AS; Cytopulse Science Inc.; Rhone Poulenc Rohrer and others.

MEDPULSER® SYSTEM

OVERVIEW

The MedPulser® System is designed for the clinical application of EPT. In the field of oncology, the MedPulser® System is used to treat tumors by locally applying a controlled electric field to targeted tumor tissues previously injected with a chemotherapeutic agent, usually bleomycin. The controlled short duration electric field pulses temporarily increase the cellular membrane permeability of the tumor allowing the chemotherapeutic agent to more easily enter the tumor cells and kill them.

The system has two components: (1) a medical instrument that creates the electric field; and (2) a single use, sterile, disposable electrode applicator. The electrodes may be needles, plates, or other configurations, depending on the geometry of the tumor and its location.

The instrument was designed for ease of use, such that minimal user input is needed to apply the therapy. Based on the size and anatomical location of the tumor to be treated, a physician selects the most appropriate electrode applicator. The chosen applicator is then connected to the MedPulser® System instrument, and it is the connection of applicator to instrument that automatically configures the therapy parameters for that particular applicator size and shape. Currently, several different electrode applicator configurations are available. The applicators vary in needle length, needle gauge, electrode needle spacing, tip angle and handle configuration so as to allow the physician to access a greater range of tumors.

New models of electrode applicators will be considered in the future to address customer needs. The system is designed such that the installed base of the MedPulser® System generator instruments allows for a wide variety of new electrode applicator configurations. Also, the system incorporates other features to minimize the possibility of applicator reuse as well as prevent the use of competitive applicators with the MedPulser® System instrument. The commercial version of the MedPulser® System has been certified by an independent test laboratory as meeting strict international product standards.

In the United States, EPT utilizing the MedPulser® System and bleomycin, are currently regulated as a combination drug-device system. As a result, we will be required to obtain both drug labeling and device approvals from the FDA. For drug labeling approvals, we must file an IND, successfully complete Phase I, II and III clinical trials, and subsequently submit a United States New Drug Application. We will also have to submit a device Pre-Market Approval or 510(k) for FDA approval as a device. We are unable, due to the complexities of completing Phases I, II and III clinical trials, to estimate the length of time or cost involved in obtaining approvals from the FDA. The costs associated with such an approval cannot be reasonably determined due to the vagaries of the approval process.

In most of the rest of the world, we anticipate that the MedPulser® System will be regulated as a device. In Europe, the MedPulser® System comes under Medical Device Directive 93/42/EEC (“MDD”) which means that prior to marketing the MedPulser® System, we are required to obtain a CE Mark certification of conformity to the quality system, production and clinical investigation essential requirements of the directive. We have obtained CE Mark certification for EPT devices, which allows us to market the MedPulser® System in Europe. The most expeditious manner for receiving regulatory approval for use of the MedPulser® System with bleomycin is a filing with the European Medicines Evaluation Agency which could approve the use of the drug/device combination throughout the Europe Union. This process could take up to a year for decision. The costs associated with such an approval cannot be reasonably determined due to the vagaries of the approval process.

MEDICAL DEVICE MANUFACTURING

Our Drug and Gene Delivery Division must comply with a variety of regulations to manufacture our products for sale around the world. In Europe, we must comply with MDD. Our Drug and Gene Delivery Division has demonstrated its quality system is in place by securing ISO 9001 approval. It has also demonstrated compliance with international medical device standards with EN 46001 and ISO 13485 recognition. We received all of these certifications in January 1999. In March 1999, we obtained the CE Mark qualifying the MedPulser® System for sale in Europe. To sell in the United States, we will also need to be in compliance with FDA current GMP.

We employ modern manufacturing practices, which include outsourcing of significant custom assemblies used in the manufacture of the MedPulser® System instrument. The instrument final assembly, testing and quality control functions are

performed in a physically distinct area of our offices where the appropriate controls are employed. We outsource the manufacture of the disposable electrode applicators to a GMP/ISO9002 compliant contract manufacturer.

DEVELOPMENT OF THE MEDPULSER® SYSTEM

We intend to expand the MedPulser® System for additional applications in drug delivery for oncology, as well as for DNA delivery in gene therapy and DNA vaccination.

A specialized electrode applicator for the treatment of laryngeal cancer, which is considered a head and neck cancer, will be made available by July 2002 and a second generation of this product is scheduled for development in late 2002 after receiving user feedback on the performance of the first generation product. This applicator will be developed by us and produced by a contract manufacturer.

We are adapting the MedPulser® System instrument platform for DNA delivery in gene therapy applications. Our goal is to have advanced prototypes of the MedPulser® System for these applications in late 2002 and to file a Device Master File with the FDA at that time. The resulting modified MedPulser® System is intended to be used in pre-clinical and clinical studies in the area of gene therapy by us and our partners.

BTX INSTRUMENT DIVISION

OVERVIEW

Our BTX Instrument Division began developing and manufacturing EPT equipment for the research laboratory market in 1983 and sold our first product in 1985. BTX was founded to develop and manufacture high quality scientific instrumentation to be used by research scientists to perform various types of EPT and electrofusion experiments. EPT in research is commonly used for transformation and transfection of all cell types, as well as for general molecular delivery at the cellular level. Electrofusion is the fusing together of two or more cells to form hybrid cells. Transformation is a process by which the genetic material carried by an individual cell is altered by incorporation of exogenous DNA into its genome. Transfection is the uptake, incorporation, and expression of exogenous DNA by eukaryotic cells.

We develop and market EPT instruments, supply more than 2,000 customers in universities, companies, and research institutions worldwide, and sell our EPT/electro cell fusion instrumentation and accessories to customers located in all states and territories of the United States and in over 47 foreign countries. The majority of our products are sold to customers in the United States, Europe and East Asia. The BTX Instrument Division currently produces an extensive line of EPT instruments and accessories, including EPT and electro cell fusion instruments, a monitoring device, and an assortment of electrodes and accessories.

PRODUCTS

BTX developed the square wave generator and graphic pulse analyzer for *in vivo* gene delivery and nuclear transfer research, fields that are rapidly increasing in scientific and medical interest. BTX also has developed the most versatile electro cell fusion system on the market, the only commercial large volume flow-through EPT system, and offers high throughput screening EPT applicators.

BTX focused its efforts in recent years on product development and promotion of a new line of products for developing sophisticated applications. In August 1999 we introduced the ECM 630, an exponential decay wave EPT system that utilizes a precision pulse technology, the new BTX Platform technology, and an all-new digital user interface. During 2000 and 2001, publications outlined the utilization of BTX equipment in newly developing animal *in vivo* gene delivery research. In the support of this research, we expanded our *in vivo* electrode offering and continue to emphasize the development of novel applicators.

Our BTX Instrument Division’s product line includes two exponential decay wave generators, one square wave generator, one electro cell fusion instrument and a graphic wave display monitor. In addition, BTX markets over 30 different types of electrodes and related accessories, as well as the standard disposable EPT cuvettes, containers for holding liquid samples. Our BTX Instrument Division’s product line includes the following products:

The ECM® 399 is an exponential decay wave generator designed to produce the precise field strengths and pulse lengths required for the transformation of bacteria cells and transfection of mammalian cells.

The ECM® 630 is an advanced exponential decay wave generator. This product provides instant feedback, digital user interface, programming options, and on-line menu features.

The ECM® 830 is a square wave EPT system designed for *in vitro* , *in vivo* , and *in ovo* EPT applications. This system can be used for transformation of bacteria and yeast, and for the transfection of mammalian cells. It is used for embryo manipulation techniques, gene therapy EPT, *in vitro* embryo gene delivery, and plant protoplast transformation.

The ECM® 2001 is an electro cell manipulation instrument. It generates a proprietary AC wave form for alignment of cells. Electrofusion applications for the ECM® 2001 include embryo manipulation techniques, hybridoma and quadroma production and plant protoplast fusion for transgenic plant generations.

The Enhancer™ 400 is an EPT graphic wave monitor and display instrument. It enables researchers to confirm and track key EPT and electrofusion parameters. These parameters are critical to protocol optimization strategies as well as in troubleshooting experimental results.

Our BTX Instrument Division meets regulatory requirements necessary to provide instrumentation to the research market for *in vivo* and in vitro animal experimentation. All of our BTX Instrument Division instruments sold to the research market carry the label “not for human use.” The BTX Instrument Division does not market equipment for use in humans, and, therefore, is not required to receive marketing approval from the FDA. We are not aware of any regulations or industry guidelines that limit the use of our instrumentation in the animal research market. Our BTX Instrument Division sells devices used by others for non-human embryo cloning, we do not ourselves conduct embryo cloning. We comply with all National Institutes of Health guidelines on cloning and gene therapy. We also comply with all Federal and State regulations regarding the restrictions on research imposed on federally funded grants.

Our BTX Instrument Division supplies three cuvette models, as do our competitors, plus some 30 additional specialized chambers electrodes, and accessories for EPT. The electrodes that we currently market position us to expand the EPT market for adherent cell transfection applications, while high throughput screening electrodes and large volume production systems, respectively, provide us with an entry into the large volume and multi-sample processing arenas used by the major pharmaceutical and biotech companies conducting drug research.

OPERATIONS

Our BTX Instrument Division product line includes generators and electrodes. The raw materials and components for our products are purchased from various suppliers. Certain items are purchased from a single source; however, we generally maintain sufficient quantities as protection against supply interruption and these components may be purchased from other suppliers.

We assemble and test all products at our head office in San Diego. No specialized assembly practices are required and all raw material fabrication is subcontracted to local businesses.

Our products have a two-year warranty. We maintain customer support for our products through our extensive protocols for electroporation and electrofusion.

DISTRIBUTION

The main distributors of our BTX Instrument Division products in North America are VWR Scientific Products Corporation and Fisher Scientific Company LLC , the two largest laboratory products suppliers in the United States. Both VWR and Fisher have over 250 representatives dedicated to biological sciences in North America. Both VWR and Fisher have dedicated Life Science Programs in which our BTX Instrument Division participates. In addition, the BTX Instrument Division distributes instruments and supplies through Intermountain Scientific Corporation, which has 22 field sales specialists in the United States. Our BTX Instrument Division has over 35 international distributors in 47 countries, of which Merck Eurolab Holding GmbH is the biggest distributor in Europe. VWR Scientific and Merck Eurolab, are both members of the Merck Group. The BTX Instrument Division supports its distributors with advertising, exhibit exposure and lead generation.

MARKETING

Our BTX Instrument Division advertises in major national and international scientific journals such as Science, Nature, Genetic Engineering News, and BioTechniques. The Division also attends and displays our products at about one scientific conference per month such as American Association for Cancer Research, American Society for Gene Therapy, and Neuroscience meeting. On a regular basis, the BTX Instrument Division utilizes direct mail to an identified mailing list for specific product promotion. The BTX Instrument Division works closely with distribution partners in joint marketing campaigns and other value-added suppliers in co-marketing efforts.

COMPETITION

The main competitors of our BTX Instrument Division in the research marketplace are BioRad Laboratories, Eppendorf Scientific, Inc. and Hybaid Corporation. There are other companies entering this market on a regular basis. The majority of these companies have other molecular biology product lines besides EPT, while EPT and electrofusion is the only business of our BTX Instrument Division. Most competing manufacturers concentrate on the exponential decay wave system and do not compete with square wave products at this time. In the past 12 months, the competition in the marketing of EPT cuvettes has increased, leading to the development of BTX-supplied private label products for both VWR and Fisher.

In September 2000, we commissioned a report prepared by the Strategy Factory to assess our position within the electroporation technology market. The report confirmed that we are the world's second largest supplier of products in the electroporation technology market, by sales. We update this report regularly based upon information obtained from distributors and suppliers.

SALES AND REVENUE

The following table provides the amount of net product sales, interest income, and revenue from grant funding and research and development agreements generated by us for the past three fiscal years. Segmented financial information is contained in Note 16 of the Consolidated Financial Statements that begin on Page F-1. The following table sets forth our selected consolidated financial data for the periods indicated, derived from consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States which conform to accounting principles generally accepted in Canada, except as described in Note 20 to the consolidated financial statements.

Period Ended:	December 31, 2001 9 months	March 31, 2001 12 months	March 31, 2000 12 months
PRODUCT SALES			
United States	$1,902,852	$2,890,875	$2,905,065
Rest of World	1,114,895	1,562,064	1,229,371
INTEREST INCOME			
United States	98,865	431,729	497,586
Canada	—	11,900	58,607
GRANT FUNDING			
United States	—	101,086	334,901
REVENUES UNDER COLLABORATIVE RESEARCH AND DEVELOPMENT ARRANGEMENTS			
Germany	97,029	411,616	91,335
United States	12,640	48,095	100,000
LICENSE AND DEVELOPMENT AGREEMENTS [1]			
Ethicon-Endo Surgery, Inc.	—	3,730,392	416,667
Other	981	—	—

(1) During the fourth quarter ended March 31, 2001, we changed our accounting policy for upfront non-refundable license payments received in connection with collaborative license agreements in accordance with Staff Accounting Bulletin No. 101 ("SAB

101") issued by the U.S. Securities and Exchange Commission. Accordingly, we recorded a -cumulative adjustment of $3,647,059 during the nine month financial year ended December 31, 2001.

We, like many biomedical companies, devote a substantial portion of our annual budget to research and development. For the year ended March 31, 2000, research and development expenses totaled $6,402,962 and for the year ended March 31, 2001, they totaled $5,771,774; and for the nine month year ended December 31, 2001, they totaled $2,325,045. These amounts far exceed revenues from research arrangements and contribute substantially to our losses.

INTELLECTUAL PROPERTY

As of March 20, 2002, we had 40 issued United States patents, 52 issued and granted non-United States patents, two allowed United States patent applications, eight allowed non-United States patent applications, an additional 19 pending United States applications, and an additional 85 pending non-United States patent applications.

We have registered on the Principal Register of the United States Patent and Trademark Office the following trademarks: BTX (Mark), BTX (Logo), ELECTRONIC GENETICS, MANIPULATOR, OPTIMIZOR, HUMAN IN SQUARE (Design), ENHANCER, and MEDPULSER. The following United States trademark applications are pending: COSMETRONICS and GENETRODES. We have registered the BTX and MEDPULSER trademarks in Canada, and have applied to trademark GENETRONICS in Canada. We have a European Community Trade Mark registration for GENETRONICS, BTX and for MEDPULSER. We have registered the MEDPULSER and BTX marks in Japan. We have registered the BTX mark in South Korea and have registered the GENETRONICS mark in the United Kingdom. We are not aware of any claims of infringement or other challenges to our right to use our marks.

EMPLOYEES

As of March 20, 2002, we employed 27 people on a full-time basis in the Drug and Gene Delivery Division. Of the total, 13 were in product research, 4 in engineering, and 10 in finance and administration. As of March 20, 2002, we employed 23 people on a full-time basis in our BTX Instrument Division. Our success is dependent on our ability to attract and retain qualified employees. Competition for employees is intense in the biomedical industry. None of our employees is subject to collective bargaining agreements. In October, 2001, we reduced our workforce by 16 employees to more effectively manage our existing resources and to accommodate our focus on oncology and gene therapy. The estimated cost to us of this reorganization was approximately $211,000.

CERTAIN RISK FACTORS RELATED TO THE COMPANY'S BUSINESS

WE HAVE OPERATED AT A LOSS AND WE EXPECT TO CONTINUE TO ACCUMULATE A DEFICIT; OUR AUDITORS HAVE INCLUDED IN THEIR REPORT AN EXPLANATORY PARAGRAPH DESCRIBING CONDITIONS THAT RAISE SUBSTANTIAL DOUBT ABOUT OUR ABILITY TO CONTINUE AS A "GOING CONCERN".

As of December 31, 2001, we had a deficit of $47,361,720. We have operated at a loss since 1994, and we expect this to continue for some time. The amount of our accumulated deficit will continue to grow, as it will be expensive to continue our clinical, research, and development efforts. If these activities are successful, and if we receive approval from the FDA to market human-use equipment, then even more money will be required to market and sell the equipment.

Most of the cash we have received during the fiscal year beginning April 1, 2001 came from the sale and distribution of special warrants in November of 2001 and sales of BTX research-use equipment. Other funds came from collaborative research arrangements, interest income on our investments and the exercise of stock options. We do not expect to receive enough money from these sources to completely pay for future activities. There is substantial doubt about our ability to continue as a going concern due to our historical negative cash flow and because we do not have access to sufficient committed capital to meet our projected operating needs for at least the next twelve months. Our auditor has included in their report on the financial statements for the nine months ended December 31, 2001, an explanatory paragraph describing conditions that raise substantial doubt about our ability to continue as a going concern.

WE WILL HAVE A NEED FOR SIGNIFICANT AMOUNTS OF MONEY IN THE FUTURE AND THERE IS NO GUARANTEE THAT WE WILL BE ABLE TO OBTAIN THE AMOUNTS WE NEED.

As discussed, we have operated at a loss, and expect that to continue for some time in the future. Our plans for continuing clinical trials, conducting research, furthering development and, eventually, marketing our human-use equipment will involve substantial costs. The extent of these costs will depend on many factors, including some of the following:

- The progress and breadth of preclinical testing and the size of our drug delivery programs, all of which directly influence cost;
- The costs involved in complying with the regulatory process to get our human-use products approved, including the number, size, and timing of necessary clinical trials and costs associated with the current assembly and review of existing clinical and pre-clinical information;
- The costs involved in patenting our technologies and defending them;
- Changes in our existing research and development relationships and our ability to enter into new agreements;
- The cost of manufacturing our human-use and research-use equipment; and
- Competition for our products and our ability, and that of our partners, to commercialize our products.

We plan to fund operations by several means. We will attempt to enter into contracts with partners that will fund either general operating expenses or specific programs or projects. Some funding also may be received through government grants. We cannot promise that we will enter into any such contracts or receive such grants, or, if we do, that our partners and the grants will provide enough money to meet our needs.

In the past, we have raised funds by public and private sale of our stock, and we may do this in the future to raise needed funds. Sale of our stock to new private or public investors usually results in existing stockholders becoming “diluted”. The greater the number of shares sold, the greater the dilution. A high degree of dilution can make it difficult for the price of our stock to rise rapidly, among other things. Dilution also lessens a stockholder’s voting power.

We cannot assure you that we will be able to raise money needed to fund operations, or that we will be able to raise money under terms that are favorable to us.

IF WE DO NOT HAVE ENOUGH MONEY TO FUND OPERATIONS, THEN WE WILL HAVE TO CUT COSTS.

If we are not able to raise needed money under acceptable terms, then we will have to take measures to cut costs, such as:

- Delay, scale back or discontinue one or more of our drug or gene delivery programs or other aspects of operations, including laying off some personnel or stopping or delaying clinical trials;
- Sell or license some of our technologies that we would not otherwise give up if we were in a better financial position;
- Sell or license some of our technologies under terms that are a lot less favorable than they otherwise might have been if we were in a better financial position; and
- Consider merging with another company or positioning ourselves to be acquired by another company.

If it became necessary to take one or more of the above-listed actions, then we may have a lower valuation, which probably would be reflected in our stock price.

IF WE ARE NOT SUCCESSFUL DEVELOPING OUR CURRENT PRODUCTS, OUR BUSINESS MODEL MAY CHANGE AS OUR PRIORITIES AND OPPORTUNITIES CHANGE; AND OUR BUSINESS MAY NEVER DEVELOP TO BE PROFITABLE OR SUSTAINABLE.

There are many products and programs that to us seem promising and that we could pursue. However, with limited resources, we may decide to change priorities and shift programs away from those that we had been pursuing, for the purpose of exploiting our core technology of electroporation. The choices we may make will be dependent upon numerous factors, which we cannot predict. We cannot assure you that our business model, as it currently exists or as it may evolve, will enable us to become profitable or to sustain operations. For example, we recently had to make a decision to forego commercial marketing opportunities in Europe given our financial condition.

IF WE DO NOT SUCCESSFULLY COMMERCIALIZE PRODUCTS FROM OUR DRUG AND GENE DELIVERY DIVISION, THEN OUR BUSINESS WILL SUFFER.

Our Drug and Gene Delivery Division is in the early development stage and our success depends on the success of the technology being developed by the Drug and Gene Delivery Division. Although we have received various regulatory approvals which apply to Europe for our equipment for use in treating solid tumors, the products related to such regulatory approval have not yet been commercialized. In addition, we have not yet received any regulatory approvals to sell our clinical products in the United States and further clinical trials are still necessary before we can seek regulatory approval to sell our products in the United States for treating solid tumors. We cannot assure you that we will successfully develop any products. If we fail to develop or successfully commercialize any products, then our business will suffer. Additionally, much of the commercialization efforts for our products must be carried forward by a licensing partner. We may not be able to obtain such a partner.

PRE-CLINICAL AND CLINICAL TRIALS OF HUMAN-USE EQUIPMENT ARE UNPREDICTABLE; IF WE EXPERIENCE UNSUCCESSFUL TRIAL RESULTS OUR BUSINESS WILL SUFFER.

Before any of our human-use equipment can be sold, the Food and Drug Administration (FDA), or applicable foreign regulatory authorities, must determine that the equipment meets specified criteria for use in the indications for which approval is requested. The FDA will make this determination based on the results from our pre-clinical testing and clinical trials.

Clinical trials are unpredictable, especially human-use trials. Results achieved in early stage clinical trials may not be repeated in later stage trials, or in trials with more patients. When early, positive results are not repeated in later stage trials, pharmaceutical and biotechnology companies have suffered significant setbacks. Not only are commercialization timelines pushed back, but some companies, particularly smaller biotechnology companies with limited cash reserves, have gone out of business after releasing news of unsuccessful clinical trial results.

If we experience unexpected, inconsistent or disappointing results in connection with a clinical or pre-clinical trial our business will suffer. If any of the following events arise during our clinical trials or data review, then we would expect this to have a serious negative effect on our company and your investment:

- The electroporation-mediated delivery of drugs or other agents may be found to be ineffective or to cause harmful side effects, including death;
- Our clinical trials may take longer than anticipated, for any of a number of reasons including a scarcity of subjects that meet the physiological or pathological criteria for entry into the study, a scarcity of subjects that are willing to participate through the end of the trial, or data and document review;
- The reported clinical data may change over time as a result of the continuing evaluation of patients or the current assembly and review of existing clinical and pre-clinical information;
- Data from various sites participating in the clinical trials may be incomplete or unreliable, which could result in the need to repeat the trial or abandon the project; and
- The FDA and other regulatory authorities may interpret our data differently than we do, which may delay or deny approval.

Clinical trials are generally quite expensive. A delay in our trials, for whatever reason, will probably require us to spend additional funds to keep the product(s) moving through the regulatory process. If we do not have or cannot raise the needed funds, then the testing of our human-use products could be shelved. In the event the clinical trials are not successful, we will have to determine whether to put more money into the program to address its deficiencies or whether to abandon the clinical development programs for the products in the tested indications. Loss of the human-use product line would be a significant setback for our company.

Because there are so many variables inherent in clinical trials, we cannot predict whether any of our future regulatory applications to conduct clinical trials will be approved by the FDA or other regulatory authorities, whether our clinical trials will commence or proceed as planned, and whether the trials will ultimately be deemed to be successful. To date, our experience has been that submission and approval of clinical protocols has taken longer than desired or expected.

OUR BUSINESS IS HIGHLY DEPENDENT ON RECEIVING APPROVALS FROM VARIOUS UNITED STATES AND INTERNATIONAL GOVERNMENT AGENCIES AND WILL BE DRAMATICALLY AFFECTED IF APPROVAL TO MANUFACTURE AND SELL OUR HUMAN-USE EQUIPMENT IS NOT GRANTED.

The production and marketing of our human-use equipment and the ongoing research, development, preclinical testing, and clinical trial activities are subject to extensive regulation. Numerous governmental agencies in the US and internationally, including the FDA, must review our applications and decide whether to grant approval. All of our human-use equipment must go through an approval process, in some instances for each indication in which we want to label it for use (such as, use for dermatology, use for transfer of a certain gene to a certain tissue, or use for administering a certain drug to a certain tumor type in a patient having certain characteristics). These regulatory processes are extensive and involve substantial costs and time.

We have limited experience in, and limited resources available for, regulatory activities. Failure to comply with applicable regulations can, among other things, result in non-approval, suspensions of regulatory approvals, fines, product seizures and recalls, operating restrictions, injunctions and criminal prosecution.

Any of the following events can occur and, if any did occur, any one could have a material adverse effect on us:

- As mentioned earlier, clinical trials may not yield sufficiently conclusive results for regulatory agencies to approve the use of our products;
- There can be delays, sometimes long, in obtaining approval for our human-use devices, and indeed, we have experienced such delays in obtaining FDA approval of our clinical protocols. Specifically, the FDA requested additional detailed information regarding our Phase II clinical studies. Between the production of this information and the FDA’s subsequent review, we estimate that this request added at least six months to the approval process;
- Currently, our clinical protocol for Phase III Clinical Trials is being reviewed by the FDA. We submitted the clinical protocol to the FDA for review in November 2001, and have responded to numerous questions and comments from the FDA since that time. While we anticipate ultimate approval of this protocol (perhaps with some modifications), we cannot predict when such approval will come and we will not know for certain until the FDA responds. We are unable, due to the complexities of completing Phases III clinical trials, to estimate the length of time involved in obtaining approval of this protocol from the FDA. Failure to receive permission to enter Phase III Clinical Trials could be devastating to our efforts to raise further funding for our work;
- The rules and regulations governing human-use equipment such as ours can change during the review process, which can result in the need to spend time and money for further testing or review;
- If approval for commercialization is granted, it is possible the authorized use will be more limited than we believe is n necessary for commercial success, or that approval may be conditioned on completion of further clinical trials or other activities; and
- Once granted, approval can be withdrawn, or limited, if previously unknown problems arise with our human-use product or data arising from its use.

WE RELY ON COLLABORATIVE AND LICENSING RELATIONSHIPS TO FUND A PORTION OF OUR RESEARCH AND DEVELOPMENT EXPENSES; IF WE ARE UNABLE TO MAINTAIN OR EXPAND EXISTING RELATIONSHIPS, OR INITIATE NEW RELATIONSHIPS, WE WILL HAVE TO DEFER OR CURTAIL RESEARCH AND DEVELOPMENT ACTIVITIES IN ONE OR MORE AREAS.

Our partners and collaborators fund a portion of our research and development expenses and assist us in the research and development of our human-use equipment. We have ten current partners and collaborators who fund roughly five percent of our research and development expenses. These collaborations and partnerships can help pay the salaries and other overhead expenses related to research. Our largest partner at this time is Valentis, Inc. In November 2001, we entered into a non-exclusive license and supply agreement with Valentis, whereby Valentis obtained rights to use our electroporation technology in the development of certain Genemedicine products. We received an upfront cash payment of $100,000 from Valentis in the first quarter of 2002, and we may receive additional revenues from this partnership depending on various regulatory approvals and other events outside of our control. In the past, we encountered operational difficulties after the termination of a similar agreement by a former partner, Ethicon, Inc., a Johnson & Johnson company. At the time of termination, proceeds from the Ethicon relationship funded roughly one-third of our research and development expenses. Because this partnership was terminated, we did not receive significant milestone payments which we had expected and were forced to delay some clinical trials as well as some product development. In order to obtain the funding necessary for these projects we pursued other licensing and development arrangements as well as private equity investments. Furthermore, the termination of this partnership damaged our reputation in the biotechnology community. While termination of, or any significant change in, any of our material collaborative relationships could adversely impact our business, the termination of the Ethicon partnership was the most significant to date. The Valentis partnership is not of the same size and scope as the Ethicon partnership and termination of the Valentis partnership would not, in and of itself, cause us to cease operations due to financial concerns. Termination of the Valentis partnership, however, would present operational difficulties as we would be required to reallocate existing and anticipated resources among various potential uses. We would likely have to defer or curtail our development activities in one or more areas because potential revenues available under the terms of the relationship would go unrealized.

Our clinical trials to date have used our equipment with the anti-cancer drug bleomycin. We do not currently intend to package bleomycin together with the equipment for sale, but if it should be necessary or desirable to do this, we would need a reliable source of the drug. In 1998, we signed a supply agreement with Abbott Laboratories under which Abbott would sell us bleomycin for inclusion in our package. If it becomes necessary or desirable to include bleomycin in our package, and this relationship with Abbott should be terminated, then we would have to form a relationship with another provider of this generic drug before any product could be launched.

We also rely on scientific collaborators at universities and companies to further our research and test our equipment. In most cases, we lend our equipment to a collaborator, teach him or her how to use it, and together design experiments to test the equipment in one of the collaborator’s fields of expertise. We aim to secure agreements that restrict collaborators’ rights to use the equipment outside of the agreed upon research, and outline the rights each of us will have in any results or inventions arising from the work.

Nevertheless, there is always risk that:

- Our equipment will be used in ways we did not authorize, which can lead to liability and unwanted competition;
- We may determine that our technology has been improperly assigned to us or a collaborator may claim rights to certain of our technology, which may require us to pay license fees or milestone payments and, if commercial sales of the underlying product is achieved, royalties;
- We may lose rights to inventions made by our collaborators in the field of our business, which can lead to expensive legal fights and unwanted competition;
- Our collaborators may not keep our confidential information to themselves, which can lead to loss of our right to seek patent protection and loss of trade secrets, and expensive legal fights; and
- Collaborative associations can damage a company’s reputation if they go awry and, thus, by association or otherwise, the scientific or medical community may develop a negative view of us.

We cannot guarantee that any of the results from these collaborations will be fruitful. We also cannot tell you that we will be able to continue to collaborate with individuals and institutions that will further our work, or that we will be able to do so under terms that are not too restrictive. If we are not able to maintain or develop new collaborative relationships, then it is likely the research pace will slow down and it will take longer to identify and commercialize new products, or new indications for our existing products.

WE COULD BE SUBSTANTIALLY DAMAGED IF PHYSICIANS AND HOSPITALS PERFORMING OUR CLINICAL TRIALS DO NOT ADHERE TO PROTOCOLS OR PROMISES MADE IN CLINICAL TRIAL AGREEMENTS.

Our company also works and has worked with a number of hospitals to perform clinical trials, primarily in oncology. We depend on these hospitals to recruit patients for the trials, to perform the trials according to our protocols, and to report the results in a thorough, accurate and consistent fashion. Although we have agreements with these hospitals, which govern what each party is to do with respect to the protocol, patient safety, and avoidance of conflict of interest, there are risks that the terms of the contracts will not be followed.

For instance:

Risk of Deviations from Protocol. The hospitals or the physicians working at the hospitals may not perform the trial correctly. Deviations from protocol may make the clinical data not useful and the trial could be essentially worthless.

Risk of Improper Conflict of Interest. Physicians working on protocols may have an improper economic interest in our company, or other conflict of interest. When a physician has a personal stake in the success of the trial, such as can be inferred if the physician owns stock, or rights to purchase stock, of the trial sponsor, it can create suspicion that the trial results were improperly influenced by the physician’s interest in economic gain. Not only can this put the clinical trial results at risk, but it can also do serious damage to a company’s reputation.

Risks Involving Patient Safety and Consent. Physicians and hospitals may fail to secure formal written consent as instructed or report adverse effects that arise during the trial in the proper manner, which could put patients at unnecessary risk. This increases our liability, affects the data, and can damage our reputation.

If any of these events were to occur, then it could have a material adverse effect on our ability to receive regulatory authorization to sell our human-use equipment, not to mention on our reputation. Negative events that arise in the performance of clinical trials sponsored by biotechnology companies of our size and with limited cash reserves similar to ours have resulted in companies going out of business. While these risks are ever present, to date our contracted physicians and clinics have been successful in collecting significant data regarding the clinical protocols under which they have operated, and we are unaware of any conflicts of interest or improprieties regarding our protocols.

WE RELY HEAVILY ON OUR PATENTS AND PROPRIETARY RIGHTS TO ATTRACT PARTNERSHIPS AND MAINTAIN MARKET POSITION.

Another factor that will influence our success is the strength of our patent portfolio. Patents give the patent holder the right to prevent others from using its patented technology. If someone infringes upon the patented material of a patent holder, then the patent holder has the right to initiate legal proceedings against that person to protect the patented material. These proceedings, however, can be lengthy and costly. We are in the process of performing an ongoing review of our patent portfolio to confirm that our key technologies are adequately protected. If we determine that any of our patents require either additional disclosures or revisions to existing information, we may ask that such patents be reexamined or reissued, as applicable, by the United States patent office.

The patenting process, enforcement of issued patents, and defense against claims of infringement are inherently risky. Because our Drug and Gene Delivery Division relies heavily on patent protection, for us, the risks are significant and include the following:

Risk of Inadequate Patent Protection for Product. The United States or foreign patent offices may not grant patents of meaningful scope based on the applications we have already filed and those we intend to file. If we do not have patents that adequately protect our human-use equipment and indications for its use, then we will not be competitive.

Risk Important Patents Will Be Judged Invalid. Some of the issued patents we now own or license may be determined to be invalid. If we have to defend the validity of any of our patents, the costs of such defense could be substantial, and there is no guarantee of a successful outcome. In the event an important patent related to our drug delivery technology is found to be invalid, we may lose competitive position and may not be able to receive royalties for products covered in part or whole by that patent under license agreements.

Risk of Being Charged With Infringement. Although we try to avoid infringement, there is the risk that we will use a patented technology owned by another person and/or be charged with infringement. Defending against a charge of infringement can involve lengthy and costly legal actions, and there can be no guarantee of a successful outcome. Biotechnology companies of roughly our size and financial position have gone out of business after fighting and losing an infringement battle. If we were prevented from using or selling our human-use equipment, then our business would be seriously affected.

Freedom to Operate Risks. We are aware that patents related to electrically assisted drug delivery have been granted to, and patent applications filed by, our potential competitors. We or our partners have taken licenses to some of these patents, and will consider taking additional licenses in the future. Nevertheless, the competitive nature of our field of business and the fact that others have sought patent protection for technologies similar to ours, makes these significant risks.

In addition to patents, we also rely on trade secrets and proprietary know-how. We try to protect this information with appropriate confidentiality and inventions agreements with our employees, scientific advisors, consultants, and collaborators. We cannot assure you that these agreements will not be breached, that we will be able to do much to protect ourselves if they are breached, or that our trade secrets will not otherwise become known or be independently discovered by competitors. If any of these events occurs, then we run the risk of losing control over valuable company information, which could negatively affect our competitive position.

WE RUN THE RISK THAT OUR TECHNOLOGY WILL BECOME OBSOLETE OR LOSE ITS COMPETITIVE ADVANTAGE.

The drug delivery business is very competitive, fast moving and intense, and expected to be increasingly so in the future. Other companies and research institutions are developing drug delivery systems that, if not similar in type to our systems, are designed to address the same patient or subject population. Therefore, we cannot promise you that our products will be the best, the safest, the first to market, or the most economical to make or use. If competitors' products are better than ours, for whatever reason, then we could make less money from sales and our products risk becoming obsolete.

There are many reasons why a competitor might be more successful than us, including:

Financial Resources. Some competitors have greater financial resources and can afford more technical and development setbacks than we can.

Greater Experience. Some competitors have been in the drug delivery business longer than we have. They have greater experience than us in critical areas like clinical testing, obtaining regulatory approval, and sales and marketing. This experience or their name recognition may give them a competitive advantage over us.

Superior Patent Position. Some competitors may have a better patent position protecting their technology than we have or will have to protect our technology. If we cannot use our patents to prevent others from copying our technology or developing similar technology, or if we cannot obtain a critical license to another's patent that we need to make and use our equipment, then we would expect our competitive position to lessen. However, we feel that our patent position adequately protects our technology portfolio.

Faster to Market. Some companies with competitive technologies may move through stages of development, approval, and marketing faster than us. If a competitor receives FDA approval before us, then it will be authorized to sell its products before we can sell ours. Because the first company "to market" often has a significant advantage over late-comers, a second place position could result in less than anticipated sales.

Reimbursement Allowed. In the United States, third party payers, such as Medicare, may reimburse physicians and hospitals for competitors' products but not for our human-use products. This would significantly affect our ability to sell our human-use products in the United States and would have a serious effect on revenues and our business as a whole. Outside of the United States, reimbursement and funding policies vary widely.

OUR ABILITY TO ACHIEVE SIGNIFICANT REVENUE FROM SALES OR LEASES OF HUMAN-USE EQUIPMENT WILL DEPEND ON ESTABLISHING EFFECTIVE SALES, MARKETING AND DISTRIBUTION CAPABILITIES OR RELATIONSHIPS AND WE LACK SUBSTANTIAL EXPERIENCE IN THESE AREAS.

Our company has no experience in sales, marketing and distribution of clinical and human-use products. If we want to be direct distributors of the human-use products, then we must develop a marketing and sales force. This would involve substantial costs, training, and time. Alternatively, we may decide to rely on a company with a large distribution system and a large direct sales force to undertake the majority of these activities on our behalf. This route could result in less profit for us, but may permit us to reach market faster. In any event, we may not be able to undertake this effort on our own, or contract with another to do this at a reasonable cost. Regardless of the route we take, we may not be able to successfully commercialize any product.

THE MARKET FOR OUR STOCK IS VOLATILE, WHICH COULD ADVERSELY AFFECT AN INVESTMENT IN OUR STOCK.

Our share price and volume are highly volatile. This is not unusual for biomedical companies of our size, age, and with a discrete market niche. It also is common for the trading volume and price of biotechnology stocks to be unrelated to a company's operations, i.e., to go up or down on positive news and to go up or down on no news. Our stock has exhibited this type of behavior in the past, and may well exhibit it in the future. The historically low trading volume of our stock, in relation to many other biomedical companies of about our size, makes it more likely that a severe fluctuation in volume, either up or down, will affect the stock price.

Some factors that we would expect to depress the price of our stock include:

- Adverse clinical trial results;
- Announcement that the FDA denied our request to approve our human-use product for commercialization in the United States, or similar denial by other regulatory bodies which make independent decisions outside the United States. To date, Europe is the only foreign jurisdiction in which we have sought approval for commercialization;
- Announcement of legal actions brought by or filed against us for patent or other matters, especially if we do not win such actions;
- Cancellation of important corporate partnerships or agreements;
- Public concern as to the safety or efficacy of our human-use products including public perceptions regarding gene therapy in general;
- Stockholders' decisions, for whatever reasons, to sell large amounts of our stock;
- A decreasing cash-on-hand balance to fund operations, or other signs of apparent financial uncertainty; and
- Significant advances made by competitors that are perceived to limit our market position.

OUR DEPENDENCE UPON NON-MARKETED PRODUCTS, LACK OF EXPERIENCE IN MANUFACTURING AND MARKETING HUMAN-USE PRODUCTS, AND OUR CONTINUING DEFICIT MAY RESULT IN EVEN FURTHER FLUCTUATIONS IN OUR TRADING VOLUME AND SHARE PRICE.

Successful approval, marketing, and sales of our human-use equipment are critical to the financial future of our company. Our human-use products are not yet approved for sale in the United States and some other jurisdictions and we may never obtain those approvals. Even if we do obtain approvals to sell our human-use products in the United States, those sales may not be as large or timely as we expect. These uncertainties may cause our operating results to fluctuate dramatically in the next several years. We believe that quarter-to-quarter or annual comparisons of our operating results are not a good indication of our future performance. Nevertheless, these fluctuations may cause us to perform below the expectations of the public market analysts and investors. If this happens, the price of our common shares would likely fall.

OUR BTX INSTRUMENT DIVISION MARKETS ONLY TO THE ELECTROPORATION PRODUCT NICHE MARKETS AND RELIES ON DISTRIBUTION RELATIONSHIPS FOR SALES.

The BTX Instrument Division currently markets only electroporation equipment to the research market. If our research-use equipment loses its competitive position, because the BTX Instrument Division does not have any other product line on which to rely, our sales would likely decline. Therefore, if we do not develop and introduce new products directed to research-use electroporation, at a reasonable price, then we will lose pace with our competitors. We may not have the necessary funds for our BTX Instrument Division to stay competitive and that division may not ultimately succeed.

The research-use equipment is sold through United States and international distributors. Approximately 42% of BTX instrument sales during the nine month fiscal year ended December 31, 2001 were in the United States and Europe through our distribution relationships with Fisher Scientific Products Corporation, VWR Scientific Products Corporation and Merck Eurolab Holding GmSH (both VWR and Merck Eurolab are members of the Merck Group). This accounted for roughly 41% of our total revenue during this period. We rely heavily on our relationship with VWR and Merck Eurolab to sell our product in the United States and Europe. We may not be able to maintain or replace our current distribution relationship with VWR, Merck Eurolab or other distributors, or establish sales, marketing and distribution capabilities of our own. If we cannot develop or maintain distribution relationships for major markets such as the United States, Europe and Japan, then the BTX Instrument Division may suffer declining sales, which would have an effect on our financial performance.

THERE IS A RISK OF PRODUCT LIABILITY WITH HUMAN-USE EQUIPMENT AND RESEARCH-USE EQUIPMENT.

The testing, marketing and sale of human-use products expose us to significant and unpredictable risks of equipment product liability claims. These claims may arise from patients, clinical trial volunteers, consumers, physicians, hospitals, companies, institutions, researchers or others using, selling, or buying our equipment. Product liability risks are inherent in our business and will exist even after the products are approved for sale. If and when our human-use equipment is commercialized, and with respect to the research-use equipment that is currently marketed by our BTX Instrument Division, we run the risk that use (or misuse) of the equipment will result in personal injury. The chance of such an occurrence will increase after a product type is on the market.

We possess liability insurance in connection with ongoing business and products, and we will purchase additional policies if such policies are determined by management to be necessary. The insurance we purchase may not provide adequate coverage in the event a claim is made, however, and we may be required to pay claims directly. If we did have to make payment against a claim, then it would impact our financial ability to perform the research, development, and sales activities we have planned.

With respect to our research-use equipment, there is always the risk of product defects. Product defects can lead to loss of future sales, decrease in market acceptance, damage to our brand or reputation, and product returns and warranty costs. These events can occur whether the defect resides in a component we purchased from a third party or whether it was due to our design and/or manufacture. Our sales agreements typically contain provisions designed to limit our exposure to product liability claims. However, we do not know whether these limitations are enforceable in the countries in which the sale is made. Any product liability or other claim brought against us, if successful and of sufficient magnitude, could negatively impact our financial performance, even if we have insurance.

WE CANNOT BE CERTAIN THAT WE WILL BE ABLE TO MANUFACTURE OUR HUMAN-USE AND RESEARCH-USE EQUIPMENT IN SUFFICIENT VOLUMES AT COMMERCIALLY REASONABLE RATES.

Our products must be manufactured in sufficient commercial quantities, in compliance with regulatory requirements, and at an acceptable cost to be attractive to purchasers. We rely on third parties to manufacture and assemble most aspects of our equipment.

Disruption of the manufacture of our products, for whatever reason, could delay or interrupt our ability to manufacture or deliver our products to customers on a timely basis. This would be expected to affect revenues and may affect our long-term reputation, as well. In the event we provide product of inferior quality, we run the risk of product liability claims and warranty obligations, which will negatively affect our financial performance.

Our manufacturing facilities for human-use products will be subject to quality systems regulations, international quality standards and other regulatory requirements, including pre-approval inspection for the human-use equipment and periodic post-approval inspections for all human-use products. While we have undergone and passed a quality systems review from an international

body, we have never undergone a quality systems inspection by the FDA. We may not be able to pass an FDA inspection when it occurs. If our facilities are not up to the FDA standards in sufficient time, prior to United States launch of product, then it will result in a delay or termination of our ability to produce the human-use equipment in our facility. Any delay in production will have a negative effect on our business. There are no immediate dates set forth for launch of our products in the United States. We plan on launching these products once we successfully perform a Phase III clinical study, obtain the requisite regulatory approval, and engage a partner who has the financial resources and marketing capacity to bring our products to market.

OUR BTX INSTRUMENT DIVISION MUST MANAGE THE RISKS OF INTERNATIONAL OPERATIONS.

Our BTX Instrument Division sells a significant amount of its research-use equipment in foreign countries, particularly in the Pacific Rim. In the nine month fiscal year ended December 31, 2001, 37% of BTX's revenues were from BTX sales into foreign countries. Like any company having foreign sales, BTX's sales are influenced by many factors outside of our control.

For instance, the following factors can negatively influence BTX's sales or profitability in foreign markets:

- We are subject to foreign regulatory requirements, foreign tariffs and other trade barriers that may change without sufficient notice;
- Our expenses related to international sales and marketing, including money spent to control and manage distributors, may increase to a significant extent due to political and/or economic factors out of our control;
- We are subject to various export restrictions and may not be able to obtain export licenses when needed;
- Some of the foreign countries in which we do business suffer from political and economic instability;
- Some of the foreign currencies in which we do business fluctuate significantly;
- We may have difficulty collecting accounts receivables or enforcing other legal rights; and
- We are subject to the Foreign Corrupt Practices Act, which may place us at a competitive disadvantage to foreign companies that do not have to adhere to this statute.

WE DEPEND ON THE CONTINUED EMPLOYMENT OF QUALIFIED PERSONNEL.

Our success is highly dependent on the people who work for us. If we cannot attract and retain top talent to work in our company, then our business will suffer. Our staff may not decide to stay with our company, and we may not be able to replace departing employees or build departments with qualified individuals.

We have an employment agreement in place for Avtar Dhillon, our President and Chief Executive Officer. If Mr. Dhillon leaves us, that might pose significant risks to our continued development and progress. Our progress may also be curtailed if Dietmar Rabussay, Ph.D., our Vice President of Research and Development, or Jack Snyder, Ph.D., our Vice President of Clinical Research and Regulatory Affairs, were to leave us.

WE MAY NOT MEET ENVIRONMENTAL GUIDELINES, AND AS A RESULT COULD BE SUBJECT TO CIVIL AND CRIMINAL PENALTIES.

Like all companies in our line of work, we are subject to a variety of governmental regulations relating to the use, storage, discharge and disposal of hazardous substances. Our safety procedures for handling, storage and disposal of such materials are designed to comply with applicable laws and regulations. Nevertheless, if we are found to not comply with environmental regulations, or if we are involved with contamination or injury from these materials, then we may be subject to civil and criminal penalties. This would have a negative impact on our reputation, our finances, and could result in a slowdown, or even complete cessation of our business.

A MAJORITY OF OUR DIRECTORS ARE CANADIAN CITIZENS AND SERVICE AND ENFORCEMENT OF LEGAL PROCESS UPON THEM MAY BE DIFFICULT.

A majority of our directors are residents of Canada and most, if not all, of these persons' assets are located outside of the United States. It may be difficult for a stockholder in the United States to effect service or realize anything from a judgment against these Canadian residents as a result of any possible civil liability resulting from the violation of United States federal securities laws. We currently have five directors, four of whom are Canadian citizens.

OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN OUR FORWARD-LOOKING STATEMENTS.

Any statements in this Form 10-K about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "should," "intend," "plan," "will," "expects," "estimates," "projects," "positioned," "strategy," "outlook" and similar expressions. Accordingly, these statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from the results expressed in the statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Form 10-K. The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in the forward-looking statements made in this Form 10-K. Among the key factors that have a direct impact on our results of operations are:

- the risks and other factors described under the caption "Risk Factors" in this Form 10-K;
- general economic and business conditions;
- industry trends;
- our assumptions about customer acceptance, overall market penetration and competition from providers of alternative products and services;
- our actual funding requirements; and
- availability, terms and deployment of capital.

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, you should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

ITEM 2. PROPERTIES

We own no real property and have no plans to acquire any real property in the future. We currently lease a facility of 20,483 square feet at our headquarters in San Diego, California. This facility provides adequate space for our current research, manufacturing, sales and administrative operations. The current lease runs through December 31, 2004.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any material legal proceedings with respect to us, our subsidiaries, or any of our material properties.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the last quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR COMPANY'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information

The principal trading markets for the common shares of Genetronics Biomedical Corporation are the American Stock Exchange (AMEX) and the Toronto Stock Exchange (TSE). Trading began on the AMEX on December 8, 1998. The Company's common shares have also traded on the former Vancouver Stock Exchange (VSE), however the Company voluntarily de-listed from that exchange on March 6, 1998. The table below sets forth the quarterly high and low sales prices of the Company's common shares in the two most recent fiscal years.

	Toronto Stock Exchange CDN$		American Stock Exchange US$	
Year Ended March 31, 2001	**HIGH**	**LOW**	**HIGH**	**LOW**
First Quarter	9.00	4.50	6.19	3.00
Second Quarter	5.00	1.80	3.25	1.25
Third Quarter	2.45	1.20	1.75	0.75
Fourth Quarter	2.40	1.10	1.55	0.75
Nine Months Ended December 31, 2001	**HIGH**	**LOW**	**HIGH**	**LOW**
First Quarter	2.60	1.10	1.70	0.73
Second Quarter	1.70	0.60	1.30	0.40
Third Quarter	1.33	0.59	0.90	0.38

On March 20, 2002, the closing price of the Company's common shares was CDN$0.80 on the TSE and US$0.54 on the AMEX. As of March 20, 2002, there were approximately 350 shareholders of record.

Dividends

We have never paid any cash dividends on our common stock and do not expect to pay any cash dividends in the foreseeable future.

RECENT SALES OF UNREGISTERED SECURITIES

Pursuant to a consulting agreement dated June 12, 2001, the Company agreed to issue shares with a value of $55,000 based on the fair market value of the Company's common stock on the completion date of the project in October 2001. As of December 31, 2001 these shares had not been issued and were recorded as common stock issuable. The 100,000 common shares were subsequently issued on January 9, 2002.

On November 30, 2001, the Company closed a private placement of 5,212,494 special warrants at a price of $0.45 per Special Warrant for gross proceeds of $2,345,622. Each Special Warrant entitles the holder to acquire one common share of the Company and one-half of a non-transferable warrant of the Company, without payment of further consideration, on the exercise or deemed exercise of the Special Warrant. Each full Warrant entitles the holder to purchase one common share at a price of $0.75 through May 30, 2003. The gross proceeds of this financing was reduced by issuance costs including the agent's commission of 7.5% of the gross proceeds of $175,922 and other issue costs estimated at $552,663. The agent was also granted Agent's Series A Special Warrants entitling the holder to acquire 100,000 common shares of the Company, without payment of further consideration, exercisable on or before November 30, 2002 and Agent's Series B Special Warrants entitling the agent to acquire 521,249 Agent's Share Purchase Warrants. Each Agent's Share Purchase Warrant entitles the holder to acquire one common share of the Company at a price of $0.45 per Agent's Share Purchase Warrant, exercisable through May 30, 2003.

On January 25 , 2002, the Company filed a preliminary prospectus in Canada qualifying the common shares and share purchase warrants of the Company. Of the total gross proceeds, 20% ($469,124) was withheld from the Company and placed in an escrow account by the placement agent. If the Company does not obtain approval for its Canadian prospectus and U.S. registration statement by March 29, 2002, the Company will not receive the funds held in escrow. As of December 31, 2001, the Company recorded proceeds of $1,748,937 for the proceeds from the sale of the 5,212,494 Special Warrants, net of issuance costs of $596,685. The 20% held in escrow is recorded as a receivable from the shareholders.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth the Company's selected consolidated financial data for the periods indicated, derived from consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States. The data set forth below should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth below. Effective January 23, 1998, the Company's Board of Directors approved the change of its fiscal year-end from February 28 to March 31. Effective June 15, 2001, the Board of Directors approved the change of the Company's fiscal year-end from March 31 to December 31.

Fiscal Periods Ended	Nine Months Ended December 31, 2001	Twelve Months Ended March 31, 2001	Twelve Months Ended March 31, 2000	Twelve Months Ended March 31, 1999	Thirteen Months Ended March 31, 1998
Net Sales	$ 3,017,747	$ 4,452,939	$ 4,134,436	$ 3,434,105	$ 3,097,198
License Fee and Milestone Payments	981	3,730,392	416,667	4,500,000	—
Revenues Under Collaborative Research and Development Arrangements and Government grants	109,669	560,797	526,236	387,183	134,094
Interest Income	98,865	443,629	556,193	300,911	427,498
Net Loss for Period before cumulative effect of change in accounting principle	(6,359,790)	(5,219,296)	(10,703,830)	(7,150,537)	(7,904,166)
Cumulative effect on prior years of change in accounting principle (1)	—	(3,647,059)	—	—	—
Net Loss for Period	(6,359,790)	(8,866,355)	(10,703,830)	(7,150,537)	(7,904,166)
Amounts per common share:					
Net loss before cumulative effect of change in accounting principle	(0.19)	(0.19)	(0.48)	(0.35)	(0.44)
Cumulative effect of change in accounting principle	—	(0.13)	—	—	—
Net Loss	(0.19)	(0.32)	(0.48)	(0.35)	(0.44)
Pro forma loss assuming the change in accounting principle is applied Retroactively	(6,359,790)	(5,219,296)	(10,468,536)	(11,032,891)	(7,904,166)
Pro forma loss per common share assuming the change in accounting principle is applied retroactively	(0.19)	(0.19)	(0.47)	(0.54)	(0.44)
Total Assets	6,633,714	11,486,266	14,012,304	9,807,644	9,242,887
Long Term Liabilities	48,117	117,463	118,384	164,276	98,410
Dividends per Share	—	—	—	—	—

(1) During the fourth quarter ended March 31, 2001, the Company changed its method of accounting for revenue recognition in accordance with Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. Effective April 1, 2000, the Company recorded the cumulative effect of the change in accounting principle.

The following financial information reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of the results of the interim periods. Summarized quarterly data for the nine months ended December 31, 2001 and the year ended March 31, 2001 are as follows:

	Three Month Period Ended Dec. 31, 2001	Three Month Period Ended Sept. 30, 2001	Three Month Period Ended June 30, 2001
OPERATING DATA			
Revenue			
Net Sales	$ 1,012,215	$ 1,220,989	$ 784,543
License Fee and Milestone payments	981	—	—
Revenues under Collaborative Research and Development Arrangements	3,000	53,490	53,179
Interest Income	10,174	27,347	61,344
Total:	1,026,370	1,301,826	899,066
Gross Profit	648,643	628,914	417,247
Net Loss for the Period	**$ (1,965,423)**	**$ (1,712,111)**	**$ (2,682,256)**
Net Loss per common share - Basic and Diluted	$ (0.06)	$ (0.05)	$ (0.08)
Weighted average number of outstanding shares	33,760,120	33,759,968	33,758,111

	Three Month Period Ended March 31, 2001	Three Month Period Ended Dec. 31, 2000	Three Month Period Ended Sept. 30, 2000	Three Month Period Ended June 30, 2000
OPERATING DATA				
Revenue				
Net Sales	$ 1,065,962	$ 1,049,238	$ 1,172,951	$ 1,164,788
License Fee and Milestone Payments	3,470,590	58,823	142,156	58,823
Revenues under Collaborative Research and Development Arrangements	145,263	141,668	97,779	75,001
Government Grants	4,032	28,958	55,709	12,387
Interest Income	103,581	83,384	118,286	138,378
Total:	4,789,428	1,362,071	1,586,881	1,449,377
Gross Profit	649,450	586,817	581,406	710,148
Net Income (Loss) before cumulative effect of change in accounting principle	944,130	(2,166,581)	(2,048,497)	(1,948,348)
Cumulative effect of change in accounting principle (1)	—	—	—	(3,647,059)
Net Income (Loss) for the Period	$ 944,130	$ (2,166,581)	$ (2,048,497)	$ (5,595,407)
Net Income (Loss) per Common Share — Basic and Diluted	$ 0.03	$ (0.08)	$ (0.08)	$ (0.24)
Weighted average number of outstanding shares	32,404,066	27,289,218	27,272,642	23,629,490

(1) During the fourth quarter ended March 31, 2001, the Company changed its method of accounting for revenue recognition in accordance with Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. Effective April 1, 2000, the Company recorded the cumulative effect of the accounting change.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (ALL FIGURES IN U.S. DOLLARS UNLESS NOTED OTHERWISE.)

The following discussion should be read in conjunction with the Consolidated Financial Statements and the Notes thereto prepared in accordance with U.S. GAAP contained elsewhere in this Form 10-K. The following discussion and analysis explains trends in the Company's financial condition and results of operations for the nine months ended December 31, 2001 and December 31, 2000, and the years ended March 31, 2001 and March 31, 2000.

OVERVIEW

Through its Drug and Gene Delivery Division, the Company is developing drug and gene delivery systems based on electroporation to be used in the treatment of disease. Through its BTX Instrument Division, the Company develops, manufactures, and sells electroporation and electrofusion equipment to the research laboratory market.

In the past the Company's revenues primarily reflected product sales to the research market through the BTX Instrument Division and revenues under collaborative research and development arrangements and research grants through the Drug and Gene Delivery Division. From October 1998 to August 2000 the Company received up-front licensing fees and milestone payments from Ethicon, Inc. and Ethicon Endo-Surgery, Inc. relating to a licensing and development agreement for electroporation and electrofusion. On July 26, 2000, the Company received notice from Ethicon-Endo Surgery, Inc. that it had elected to exercise its discretionary right to terminate, without cause, the licensing and development agreement and the supply agreement entered into with the Company. All rights previously granted to Ethicon Endo-Surgery, Inc. were returned to the Company on January 22, 2001.

The Company is seeking a new licensing partner for the use of electroporation for the delivery of drugs in the treatment of cancer. The Company will not receive any milestone or licensing payments for development or sale of its products until a new strategic alliance is in place with a new partner and the Company achieves the milestones specified in the new agreement, or product sales commence under the new agreement. There can be no assurance that the Company will be able to contract with such a partner or that the Company can achieve the milestones set out in a new agreement. The Company believes it has sufficient current resources to initiate a Phase III clinical study of the use of electroporation in the delivery of bleomycin in the treatment of late stage head and neck cancers.

In November 2001, the Company entered into a non-exclusive license and supply agreement with Valentis, Inc. in the gene therapy field to use its MedPulser® System in the development of its Genemedicine™ products. The Company will receive an upfront payment of $100,000 in the first quarter of 2002 and additional payments upon the achievements of specified milestones in the form of cash and stock of Valentis. While this agreement expires in 2018, the agreement may be terminated by Valentis upon thirty days' notice, with or without cause.

Until it achieves the commercialization of clinical products, the Company expects revenues to continue to be attributable to product sales from the BTX Instrument Division to the research market, grants, collaborative research arrangements, and interest income.

Due to the expenses incurred in the development of the drug and gene delivery systems, the Company has been unprofitable in the last seven years. As of December 31, 2001 the Company has incurred a cumulative deficit of $47,361,720. The Company expects to continue to incur substantial operating losses in the future due to continued spending on research and development programs, the funding of preclinical studies, clinical trials and regulatory activities and the costs of manufacturing and administrative activities.

On June 15, 2001 the Company completed a change in its jurisdiction of incorporation from British Columbia, Canada into the state of Delaware. The change was accomplished through a reincorporation of Genetronics Biomedical Ltd., a British Columbia corporation, into Genetronics Biomedical Corporation, a Delaware corporation. All periods presented have been restated to financial statements prepared in accordance with accounting principles generally accepted in the United Sates.

RESULTS OF OPERATIONS

The Company does not believe that inflation has had a material impact on its result of operations for the nine months ended December 31, 2001 and December 31, 2000 and the years ended March 31, 2001 and March 31, 2000.

NINE MONTHS ENDED DECEMBER 31, 2001 COMPARED TO NINE MONTHS ENDED DECEMBER 31, 2000

Due to the fiscal year end change to December 31, the fiscal year ended December 31, 2001 is comprised of only nine months. In order to provide a more meaningful comparison and discussion of trends in revenues and expenses, the consolidated financial data for the nine-month periods ended December 31, 2001 and December 31, 2000 are presented in the following table and the results of these two periods are used in the discussion thereafter.

Fiscal Periods Ended	Nine Months Ended December 31, 2001	Nine Months Ended December 31, 2000 (1)
Net Sales	$ 3,017,747	$ 3,386,977
License Fee and Milestone Payments	981	259,802
Government Grants	—	97,054
Revenues Under Collaborative Research and Development Arrangements	109,669	314,448
Interest Income	98,865	340,048
Total Revenues	3,227,262	4,398,329
Cost of Sales	1,322,763	1,508,606
Research and Development	2,325,045	4,177,609(2)
Selling, General and Administrative	5,928,502	4,860,772(2)
Interest Expense	10,742	14,768
Total Expenses	9,587,052	10,561,755
Net Loss for Period before cumulative effect of change in accounting principle	(6,359,790)	(6,163,426)
Cumulative effect of change in accounting principle (3)	—	(3,647,059)
Net Loss for Period	$(6,359,790)	$ (9,810,485)
Net Loss per Common Share	$ (0.19)	$ (0.38)

(1) Unaudited

(2) Certain reclassifications have been made to conform to the December 31, 2001 presentation.

(3) During the fourth quarter ended March 31, 2001, the Company changed its method of accounting for revenue recognition in accordance with Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. Effective April 1, 2000, the Company recorded the cumulative effect of the accounting change.

REVENUES

For the nine months ended December 31, 2001 the BTX Instrument Division reported net sales of $3,017,747, compared to $3,386,977, which meant a decrease of $369,230, or 11%. While the second and third quarter's net sales for the nine months ended December 31, 2001 were on the same level as the comparable periods of the previous year, the first quarter's net sales were about $380,000 lower compared to the comparable period of the previous year. The decrease in the first quarter was a result of lower domestic sales and lower sales to Europe. Domestic sales decreased mainly due to the economic decline and pricing pressure by the Company's main competitor as well as increased competition in the cuvette market which resulted in lower sales. The lower sales to Europe were attributable to an industry slowdown and reduced sales to the Company's distributors.

While the economic slowdown in the U.S. continued to impact domestic sales throughout the nine months ended December 31, 2001, the Company's sales to East Asia for the nine months ended December 31, 2001 increased by more than 30% over the same period of the previous year. The increase is primarily due to a growth in sales to China. The Company has worked closely with its Chinese distributor to assist it in becoming a more significant factor in the life science market in East Asia.

As a result of the addition of Fisher Scientific as a distribution partner in the United States in December of 2000, the Company reduced its reliance on the VWR/Merck group, previously its only major distribution partner. Therefore, sales to the VWR/Merck group as a percentage of total sales decreased from 39% for the nine months ended December 31, 2000 to 33% for the nine months ended December 31, 2001.

Due to the cancellation of the Licensing and Development Agreement with Ethicon Endo-Surgery, Inc. in 2000, license fee and milestone payments for the nine months ended December 31, 2001 declined over the same period of the previous year. The Company is currently seeking a new licensing partner for the use of electroporation for the delivery of drugs in the treatment of cancer.

In November 2001, the Company entered into a non-exclusive license and supply agreement with Valentis, Inc. in the gene therapy field to use its MedPulser® System in the development of its Genemedicine™ products. The Company will receive an

upfront payment of $100,000 in the first quarter of 2002 and payments upon the achievements of specified milestones in the form of cash and stock of Valentis. The agreement expires in 2018.

There were no revenues from grant funding for the nine months ended December 31, 2001 compared to $97,054 for the nine months ended December 31, 2000. All active grants have expired. To a limited extent, the Company continues to pursue additional Small Business Innovation Research Grants; however, no assurance can be given that any such awards will be obtained.

During the nine months ended December 31, 2001, the Drug and Gene Delivery Division recorded revenues under collaborative research and development arrangements in the amount of $109,669, compared to $314,448 for the nine months ended December 31, 2000. Revenues decreased over the previous year's period due to the fact that a major collaborative research agreement in the gene therapy area entered into in late 1999 was completed in the summer of 2001.

Interest income decreased from $340,048 for the nine months ended December 31, 2000 to $98,865 for the nine months ended December 31, 2001. The decrease resulted primarily from the diminishing availability of investment funds due to the continuing operating losses.

COST OF SALES

Cost of sales of $1,322,763 for the nine months ended December 31, 2001 decreased by $185,843, or 12%, compared to $1,508,606 for the same period of the previous year. The decrease was a result of the 11% lower sales for the nine months ended December 31, 2001 compared to the same period of the previous year.

GROSS PROFIT AND GROSS MARGIN

As a result of the lower sales, the BTX Instrument Division's gross profit for the nine months ended December 31, 2001 in the amount of $1,694,984 represented a decrease of $183,387, or 10%, compared with $1,878,371 for the nine months ended December 31, 2000. The gross profit margin of 56% for the nine months ended December 31, 2001 remained at the same level as for the same period of the previous year.

RESEARCH AND DEVELOPMENT

Research and development, which includes clinical trial costs, decreased by $1,852,564, or 44%, from $4,177,609 for the nine months ended December 31, 2000 to $2,325,045 for the nine months ended December 31, 2001. Reduced expenses in the oncology research area, partially due to the expiration of research grants, contributed to these lower expenses.

The decrease also reflects lower clinical/regulatory expenses due to the completion of the Head and Neck Phase II clinical trials in the United States and Canada in the previous fiscal year. The Company is currently planning to enter a Phase III clinical trial, which is subject to the approval by the FDA.

Reduced product development expenses in the BTX Instrument Division also contributed to the decrease in research and development expenses for the nine months ended December 31, 2001.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses, which consist of advertising, promotion and selling expenses, business development expenses, and general administrative expenses, increased by $1,067,730, or 22%, from $4,860,772 for the nine months ended December 31, 2000, to $5,928,502 for the nine months ended December 31, 2001. An increase in the general and administrative area was partially related to higher salary expenses resulting from additions to its senior management team between August 2000 and January 2001 and a one-time severance accrual in the amount of about $240,000 as a result of the termination of employment of a senior executive in May of 2001. Also, in April 2001 a reduction of the Company's headcount resulted in additional severance expenses of approximately $35,000. The change of the Company's jurisdiction from British Columbia to Delaware also contributed to additional legal expenses of approximately $50,000 in the quarter ended June 30, 2001.

In October 2001, the Company reorganized to more effectively manage existing resources and to accommodate its stronger focus on oncology and gene therapy. Its work force was reduced by 16 employees, including the Chief Operating Officer and the

Chief Financial Officer. The estimated cost to the Company of this reorganization was approximately $211,000 which contributed to the increase in general and administrative expenses over the previous year's nine-month period.

Sales and Marketing expenses increased over the previous nine-month period ended December 31, 2000 by about $470,000 as marketing efforts to launch the Medpulser Electroporation Therapy System in Europe were initiated in early 2001. As part of the reorganization in October 2001 the Company decided to postpone the launch of the Medpulser Electroporation Therapy System in Europe to further reduce operating expenses.

NET INCOME/LOSS (NET INCOME/LOSS OF REPORTABLE SEGMENTS DOES NOT INCLUDE UNALLOCATED ITEMS SUCH AS INTEREST INCOME AND EXPENSE AND GENERAL AND ADMINISTRATIVE COSTS)

The BTX Instrument Division reported net income in the amount of $520,280 for the nine months ended December 31, 2001, compared to a net income in the amount of $573,485 for the nine months ended December 31, 2000, which represents a decrease of $53,205. The decrease was attributable to the lower net sales in the nine months ended December 31, 2001 which were only partially offset by reduced development expenses.

The Drug and Gene Delivery Division reported a net loss of $2,351,723 for the nine months ended December 31, 2001 compared to $3,039,275 for the nine months ended December 31, 2000, a decrease of $657,552, or 23%. The reduced loss was a result of lower research and clinical trial expenditures which more than offset lower revenues from license fees and milestone payments as well as lower revenues from grant funding and collaborative research and development arrangements.

For the nine months ended December 31, 2001, the Company recorded a net loss of $6,359,790, compared with a net loss of $6,163,426 before the cumulative effect of a change in accounting principle for the nine months ended December 31, 2000, which meant an increase in net loss of $196,364, or 3%. The higher loss is attributable to the decrease of $1,171,067 in total revenues which more than offset the decrease of $974,703 in total operating expenses.

YEAR ENDED MARCH 31, 2001 COMPARED TO YEAR ENDED MARCH 31, 2000

REVENUES

The BTX Instrument Division produced net sales of $4,452,939 for the twelve months ended March 31, 2001, compared with net sales of $3,827,537, for the twelve months ended March 31, 2000, which meant an increase of $625,402, or 16.3%. The primary factor contributing to this increase was the result of higher sales through the Company's main distributors, VWR Scientific and Merck Eurolab, both members of the Merck Group. Merck Eurolab was added as a distributor in April of 2000. Also, in December 2000 the Company signed a non-exclusive distributorship agreement with Fisher Scientific Company to further promote sales to the United States.

Non-U.S. sales increased by $332,693, or 27%, from $1,229,371 for the twelve months ended March 31, 2000 to $1,562,064 for the twelve months ended March 31, 2001. Export sales as a percentage of total sales by the BTX Instrument Division increased slightly from 32% in the twelve months ended March 31, 2000 to 35% in the twelve months ended March 31, 2001. The increase is mainly attributable to the addition of Merck Eurolab as a distributor to promote sales to Europe.

Total sales for the Company increased only by 8% since in the Drug Delivery Division no product for clinical trials was shipped in the year ended March 31, 2001 as opposed to shipments in the previous year. That is mainly attributable to the fact that the Phase II clinical trials were winding down and that in July 2000 the Company received notice from Ethicon that it had elected to exercise its discretionary right to terminate the License and Development Agreement and Supply Agreement.

Revenues from government grants funding decreased from $334,901 for the year ended March 31, 2000 to $101,086 for the year ended March 31, 2001. The reason for the decrease in grant revenues was that activities for grants awarded in previous years in the Oncology field and Gene Therapy field were winding down in the year ended March 31, 2001 and all active grants had expired by December 31, 2000. Revenues from grant funding may fluctuate from period to period based on the level of grant funding awarded and the level of research activity related to the grants awarded.

During the year ended March 31, 2001 the Drug and Gene Delivery Division recorded revenues under collaborative research and development arrangements in the amount of $459,711 as a result of collaborative research agreements to develop electroporation

technology for use in particular gene therapy applications. This represents a significant increase over the same period of the previous year since the Company did not enter into these research agreements until the end of calendar year 1999.

During the fourth quarter ended March 31, 2001, the Company changed its accounting policy for upfront non-refundable license payments received in connection with collaborative license arrangements in accordance with Staff Accounting Bulletin No. 101 (SAB 101), as amended by SAB 101(A) and (B), issued by the U. S. Securities and Exchange Commission. The Company received $4,000,000 in up-front licensing fees through April 1, 2000. In accordance with SAB 101, the Company is required to record these fees over the life of the arrangement, which was terminated in the year ended March 31, 2001.

In January 2001, the Company recognized revenue from Ethicon in the amount of $3,730,392 as a result of the terminated License and Development Agreement which comprised non-refundable deferred revenue.

Interest income for the year ended March 31, 2001 in the amount of $443,629 decreased by $112,564, or 20%, compared to the interest income for the year ended March 31, 2000 in the amount of $556,193. The decrease in interest income was attributable to the cash used in operating activities, which resulted in decreased levels of interest bearing financial instruments.

COST OF SALES

Cost of sales for the BTX Instrument Division increased by $143,146, or 8%, from $1,781,972, for the twelve months ended March 31, 2000 to $1,925,118 for the twelve months ended March 31, 2001. The increase was primarily a result of the 16.5% increase in net sales.

GROSS PROFIT AND GROSS MARGIN

Primarily due to the higher sales, the gross profit for the BTX Instrument Division for the twelve months ended March 31, 2001 in the amount of $2,527,821, increased by $482,256, or 24%, compared with $2,045,565 for the twelve months ended March 31, 2000.

The gross profit margin for BTX products increased slightly from 53% for the twelve months ended March 31, 2000 to 57% for the twelve months ended March 31, 2001. The 4% increase is mainly attributable to a change in product mix in favor of products with a higher profit margin due to the successful implementation of a niche market strategy in developing a market for the ECM 830 and ECM 2001.

RESEARCH AND DEVELOPMENT/CLINICAL TRIALS

Research and development costs decreased by $631,188, or 10%, from $6,402,962 for the twelve months ended March 31, 2000 to $5,771,774 for the twelve months ended March 31, 2001. The expenses in the twelve months ended March 31, 2001, decreased over the previous year, primarily in the clinical and regulatory areas as a result of the delay of initiation of pivotal and other clinical trials in the U.S. These lower expenses more than offset higher expenses in the Gene Therapy area due to the increased focus on this field and higher engineering expenses in the BTX Instrument Division. The higher BTX Instrument engineering expenses were primarily related to an increase in the effective headcount and skill level of personnel assigned to a project to improve manufacturability and engineering design of the overall BTX product line.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses which include advertising, promotion and selling expenses, decreased by $1,262,831, or 16%, from $7,886,159 for the twelve months ended March 31, 2000 to $6,623,328 for the twelve months ended March 31, 2001. While selling expenses for the year ended March 31, 2001 remained relatively constant compared to the previous year, general and administrative expenses decreased significantly. The decrease was primarily due to an approximately $900,000 reduction of stock based compensation expense incurred by the Company from March 31, 2000 to March 31, 2001 as a result of the Company’s decision to reduce the granting of stock options to consultants. Also, as a result of a review of the Company’s operating structure in the year ended March 31, 2000, certain staffing changes occurred and in December 1999, the Company entered into termination agreements with two of its senior executives. In accordance with the staffing changes and the terms of the termination agreements, the Company has accrued and recorded severance costs and certain benefits amounting to $597,183 for the year ended March 31, 2000.

Since such costs were not incurred in the year ended March 31, 2001, general and administrative costs decreased in the year ended March 31, 2001.

NET INCOME/LOSS (NET INCOME/LOSS OF REPORTABLE SEGMENTS DOES NOT INCLUDE UNALLOCATED ITEMS SUCH AS INTEREST INCOME AND EXPENSE AND GENERAL AND ADMINISTRATIVE COSTS)

During the fourth quarter ended March 31, 2001, the Company changed its accounting policy for upfront non-refundable license payments received in connection with collaborative license arrangements in accordance with Staff Accounting Bulletin No. 101 (SAB 101), as amended by SAB 101(A) and (B), issued by the U. S. Securities and Exchange Commission. The Company received $4,000,000 in up-front licensing fees through April 1, 2000. In accordance with SAB 101, the Company is required to record these fees over the life of the arrangement, which was terminated in the year ended March 31, 2001. As a result of this change, revenues in the year ended March 31, 2001 have increased by $3,647,059 and the cumulative effect of this change in accounting principle is a charge of $3,647,059 to net loss in the year ended March 31, 2001.

The BTX Instrument Division reported a net income in the amount of $670,903 for the twelve months ended March 31, 2001 compared to a net income in the amount of $352,385 for the twelve months ended March 31, 2000. The $318,518 increase was attributable to the 16.3% increase in net sales, which more than offset the higher operating expenses.

The Drug and Gene Delivery Division reported a net loss in the amount of $4,501,825 for the twelve months ended March 31, 2001 compared to a net loss in the amount of $4,921,954 for the twelve months ended March 31, 2000, a decrease of $420,129. The decrease is primarily a result of lower research and development expenses in the year ended March 31, 2001. The lower operating expenses more than offset the decrease in revenues for the Drug Delivery Division, which were a result of lower revenues from grant funding and milestone payments.

For the twelve months ended March 31, 2001 the Company recorded a total net loss of $8,866,355 compared with a total net loss of $10,703,830 for the twelve months ended March 31, 2000, which meant a decrease of $1,837,475, or 17%. The higher loss in the previous year was mainly attributable to the one-time restructuring charges in the amount of $597,183 and the higher research and development expenses.

LIQUIDITY AND CAPITAL RESOURCES

During the last five fiscal years, the Company’s primary uses of cash have been to finance its research and development activities and clinical trial activities in the Drug and Gene Delivery Division. Since inception, the Company has satisfied its cash requirements principally from proceeds from the sale of equity securities.

On January 17, 2001 the Company completed a public offering of 6,267,500 common shares at a price of CDN$1.35 per share for gross proceeds of CDN$8,461,125 (US$5,640,750) less expenses of CDN$1,102,877 (US$734,368). The Company also issued to its Agent, Canaccord Capital Corporation, compensation warrants exercisable until January 16, 2002 to acquire 500,000 common shares, at CDN$1.35 per common share. During the twelve months ended March 31, 2001, the Company issued 111,894 common shares upon the exercise of stock options of aggregate gross proceeds to the Company of $249,332. The Company also issued 50,000 common shares as compensation for corporate finance services.

In January 2002, the Company reduced the exercise price of the 500,000 Agent’s Compensation Warrants from Cdn $1.35 to Cdn $1.10 and extended the expiry date to January 31, 2002. The Company agreed to the extension and the reduction of the exercise price of the warrants to provide the Agent with an incentive to exercise the warrants, as the exercise of the warrants would provide the Company with a fast and inexpensive method of financing to support the research and development of its products and would continue to foster the goodwill between the parties. On January 16, 2002, the Company issued 500,000 common shares in respect of the exercise of these warrants for gross proceeds of Cdn $550,000 (US $337,506).

On November 30, 2001, the Company closed a private placement of 5,212,494 special warrants at a price of $0.45 per Special Warrant for gross proceeds of $2,345,622. Each Special Warrant entitles the holder to acquire one common share of the Company and one-half of a non-transferable warrant of the Company, without payment of further consideration, on the exercise or deemed exercise of the Special Warrant. Each full Warrant entitles the holder to purchase one common share at a price of $0.75 through May 30, 2003. The gross proceeds of this financing was reduced by issuance costs including the agent’s, Canaccord Capital Corporation, commission of $175,922 representing 7.5% of the gross proceeds and other issue costs estimated at $620,186. Other

issue costs were incurred for services provided by the agent, expenses incurred by the agent, and legal and accounting services. A portion of the other issue costs was incurred for legal services provided by a law firm where one of the partners is a director of the Company. The agent was also granted Agent's Series A Special Warrants entitling the holder to acquire 100,000 common shares of the Company, without payment of further consideration, exercisable on or before November 30, 2002 and Agent's Series B Special Warrants entitling the agent to acquire 521,249 Agent's Share Purchase Warrants. Each Agent's Share Purchase Warrant entitles the holder to acquire one common share of the Company at a price of $0.45 per Agent's Share Purchase Warrant, exercisable through May 30, 2003. The amount paid in cash to the agent relating to the November 30, 2001 private placement totaled $317,085.

On January 25, 2002, the Company filed a preliminary prospectus in Canada qualifying the common shares and share purchase warrants of the Company. Of the total proceeds, 20% ($469,124) was withheld from the Company and placed in an escrow account by the placement agent. If the Company does not obtain approval for its Canadian prospectus and U.S. registration statement by February 28, 2002, the Company would not receive the funds held in escrow. On February 28, 2002, however, the purchasers extended the date for obtaining approval for the Canadian Prospectus and the U.S. registration statement from February 28, 2002 to March 29, 2002. As of December 31, 2001, the Company recorded net proceeds of $1,748,937 which are a result of $2,345,622 gross proceeds less $596,685 issuance costs incurred as of December 31, 2001.

In November 2001, the Company entered into a note receivable agreement with one of its executive officers in the amount of $65,000, to enable the executive to purchase 144,000 Special Warrants offered through the Company's private placement. The loan plus accrued interest, at an interest rate of 5.0%, is payable on or before November 9, 2004.

In January 2002, the Company extended the expiration date of 499,199 consultant stock options from January 15, 2002 to January 31, 2002 and reduced the exercise price from between Cdn $1.25 and Cdn $4.13 to Cdn $1.15. On January 21, 2002 the Company issued 499,199 common shares in respect of the exercise of these stock options for gross proceeds of Cdn $574,079 (US $361,287). As a result additional stock-based compensation of $39,936 was recorded in January 2002 at a fair value of $0.08 per option which was estimated by using the Black Scholes Pricing Model.

As of December 31, 2001, the Company had working capital of $2,002,577 compared to $6,736,869 as of March 31, 2001. The decrease is primarily a result of the $6,359,790 net loss for the nine months ended December 31, 2001 offset by the proceeds from the sales of Special Warrants.

Most of the cash the Company has received during the nine months ended December 31, 2001 came from the sale and distribution of the Special Warrants in November 2001 and sales of BTX research-use equipment. Other funds came from collaborative research arrangements, interest income on reinvestments and the exercise of stock options.

In October 2001, the Company reorganized to more effectively manage existing resources and to accommodate its stronger focus on oncology and gene therapy. Its work force was reduced by 16 employees. The estimated cost to the Company of this reorganization was approximately $211,000.

As of December 31, 2001, the Company had an accumulated deficit of $47,361,720. The Company has operated at a loss since 1994, and it expects this to continue for some time. The amount of the accumulated deficit will continue to grow, as it will be expensive to continue clinical, research and development efforts. If these activities are successful and if the Company receives approval from the FDA to market equipment, then even more funding will be required to market and sell the equipment. As of the date of this filing, there is substantial doubt about the Company's ability to continue as a going concern due to its historical negative cash flow and because the Company does not have access to sufficient committed capital to meet its projected operating needs for at least the next twelve months. As of December 31, 2001 the Company believes it has sufficient funds to fund operations through May 2002. In October 2001, the Company reduced its operating expenses through a reorganization of its operations by reducing its headcount by approximately 20%. As the reduction of the headcount alone will not prevent future operating losses, the Company is aggressively seeking further equity funding in order to satisfy its projected cash needs for at least the next twelve months. The Company is also evaluating the sale of non-core assets and exploring potential partnerships as additional ways to fund operations. However, the Company will continue to rely on outside sources of financing to meet its capital needs beyond next year. The outcome of these matters cannot be predicted at this time. Further, there can be no assurance, assuming the Company successfully raises additional funds, that the Company will achieve positive cash flow. If the Company is not able to secure additional funding, it will be required to further scale back its research and development programs, preclinical studies and clinical trials, and selling, general, and administrative activities and may not be able to continue in business.

Accounts receivable as of December 31, 2001 in the amount of $940,330 increased slightly compared to $903,526 as of March 31, 2001, primarily due to a receivable from Valentis as a result from the licensing agreement entered into in November 2001.

Inventories increased from $756,543 as of March 31, 2001 to $847,907 as of December 31, 2001. In the spring of 2001 the Company moved its production of disposable cuvettes from a US manufacturer to Taiwan. To achieve economies of scale, delivery volumes were changed from once per month to once per quarter. A shipment of cuvettes received in December contributed to an increase of inventory as of December 31, 2001 compared to March 31, 2001. Also, lower-than expected sales were partially responsible for the higher inventory level. The allowance for obsolescence was increased to provide for excess inventory caused by a delay in the anticipated launch in Europe of Drug and Gene delivery products.

Current liabilities in the amount of $1,605,087 as of December 31, 2001 increased by $92,542, or 6%, compared to $1,512,545 as of March 31, 2001. The increase is primarily a result of severance accruals due to the reduction of workforce in October of 2001.

The Company's long term capital requirements will depend on numerous factors including:

- The progress and magnitude of the research and development programs, including preclinical and clinical trials;
- The time involved in obtaining regulatory approvals;
- The cost involved in filing and maintaining patent claims;
- Competitor and market conditions;
- The ability to establish and maintain collaborative arrangements;
- The ability to obtain grants to finance research and development projects; and
- The cost of manufacturing scale-up and the cost of commercialization activities and arrangements.

The ability to generate substantial funding to continue research and development activities, preclinical and clinical studies and clinical trials and manufacturing, scale-up, and selling, general, and administrative activities is subject to a number of risks and uncertainties and will depend on numerous factors including:

- The ability to raise funds in the future through public or private financings, collaborative arrangements, grant awards or from other sources;
- The potential for the Company to obtain equity investments, collaborative arrangements, license agreements or development or other funding programs in exchange for manufacturing, marketing, distribution or other rights to products developed by the Company; and
- The ability to maintain existing collaborative arrangements.

The Company cannot guarantee that additional funding will be available when needed or on favorable terms. If it is not, the Company will be required to scale back its research and development programs, preclinical studies and clinical trials, and selling, general, and administrative activities, or otherwise reduce or cease operations and its business and financial results and condition would be materially adversely affected.

CRITICAL ACCOUNTING POLICIES

We believe the following critical accounting policies involve significant judgments and estimates that are used in the preparation of our financial statements.

Revenue recognition.

Sales are recognized upon delivery of products to its customers if a signed contract exists, the sales price is fixed and determinable, collection of the resulting receivables is reasonably assured and any uncertainties with regard to customer acceptance are insignificant. Sales are recorded net of discounts. The Company's sales to customers and end users do not contain any customer acceptance and/or price protection provisions. All sales to customers are final and therefore revenues are recognized at the time of delivery, except when the contract includes a right of return clause. To the extent there is a right of return clause, sales are recognized once the right of return has expired or the product has been sold to the end customer.

A provision for the estimated warranty expense is established by a charge against operations at the time the product is sold.

The Company has adopted a strategy of co-developing or licensing its gene delivery technology for specific genes or specific medical indications. Accordingly, the Company has entered into collaborative research and development agreements and has received funding for pre-clinical research and clinical trials. Payments under these agreements, which are non-refundable, are recorded as revenue as the related research expenditures are incurred pursuant to the terms of the agreement and provided collectibility is reasonably assured.

License fees comprise initial fees and milestone payments derived from collaborative licensing arrangements. Non-refundable milestone payments continue to be recognized upon (i) the achievement of specified milestones when the Company has earned the milestone payment, (ii) the milestone payment is substantive in nature and the achievement of the milestone was not reasonably assured at the inception of the agreement. The Company defers payments for milestone events which are reasonably assured and recognizes them ratably over the minimum remaining period of the Company's performance obligations. Payments for milestones which are not reasonably assured are treated as the culmination of a separate earnings process and are recognized as revenue when the milestones are achieved.

Prior to the adoption of SAB 101, the Company initially recognized up-front non-refundable payments as revenue upon receipt, as these fees were non-refundable and the Company had transferred the technology and product rights upon the contract's inception and incurred costs in excess of the up-front fees prior to the initiation of each arrangement. Upon the adoption of SAB 101, up-front non-refundable payments received which require the ongoing involvement of the Company are deferred and amortized into income on a straight-line basis over the term of the relevant license or related underlying product development period.

Patent and license costs

Patents are recorded at cost and amortized using the straight-line method over the expected useful lives of the patents or 17 years, whichever is less. Cost is comprised of the consideration paid for patents and related legal costs. If management determines that development of products to which patent costs relate is not reasonably certain or that costs exceed recoverable value, such costs are charged to operations.

License costs are recorded based on the fair value of consideration paid and amortized using the straight-line method over the expected useful life of the underlying patents.

Long-lived assets

We assess the recoverability of the affected long-lived assets by determining whether the carrying value of such assets can be recovered through undiscounted future operating cash flows. If impairment is indicated, we reduce the carrying value of the asset to fair value. While our current and historical operating and cash flow losses are potential indicators if impairment, we believe the future cash flows to be received from the long-lived assets will exceed the assets' carrying value, and accordingly, we have not recognized any impairment losses through December 31, 2001.

Research and Development Expenses

Since our inception, virtually all of our activities have consisted of research and development efforts related to developing our electroporation technologies. Accordingly, the large majority of our transactions to date have related to research and development spending. We expense all such expenditures in the period incurred.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates related primarily to the increase or decrease in the amount of interest income we can earn on our cash equivalents and on the increase or decrease in the amount of interest expense we must pay with respect to our capital lease obligations. The Company is subject to interest rate risk on its capital lease arrangements which carry an average fixed annual rate of approximately 17% and on its cash equivalents which at December 31, 2001 had an average interest rate of approximately 2.64%. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes. We ensure the safety and preservation of our invested principal funds by limiting default risk, market risk and reinvestment risk. We mitigate default risk by investing in investment grade securities. A hypothetical 100 basis point adverse move in interest rates along the entire interest rate yield curve would not materially affect the fair value of our interest sensitive financial instruments. Declines in interest rates over time will, however, reduce our interest income while increases in interest rates over time will increase our interest expense.

FOREIGN CURRENCY RISK

We have operated primarily in the United States and most transactions in the fiscal year ending December 31, 2001, have been made in U.S. dollars. Accordingly, we have not had any material exposure to foreign currency rate fluctuations, nor do we have any foreign currency hedging instruments in place.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Beginning at Page F-1 at the end of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The information required by Item 10 with respect to directors and officers is incorporated herein by reference to the information contained under the headings “Directors and Executive Officers of the Companys” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive Proxy Statement for the Company’s annual meeting of stockholders to be held on or about April 29, 2002 (the “Proxy Statement”).

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the information contained under the heading “Executive Compensation and Other Matters” in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated herein by reference to the information contained under the heading “Stock Ownership of Certain Beneficial Owners and Management” in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated herein by reference to the information contained under the headings “Compensation Committee Interlocks and Insider Participation” and “Certain Transactions” in the Proxy Statement.

PART IV

ITEM 13. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Index to Financial Statements

The consolidated financial statements required by this item are submitted in a separate section beginning on page F-1 of this Annual Report on Form 10-K.

(a)(2) Index to Financial Statement Schedules

Apart from the schedule below, all schedules are omitted because they are not required, are not applicable, or the information is included in the Financial Statements or Notes thereto appearing elsewhere in this Annual Report on Form 10-K.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

GENETRONICS BIOMEDICAL CORPORATION

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts (Describe)	Deductions (Describe)	Balance at End of Period
NINE MONTHS ENDED DECEMBER 31, 2001					
Reserves and allowances deducted from asset Accounts:					
Allowance for uncollectible accounts	$ 42,037	$ (12,847)	—	—	$ 29,190
Allowance for obsolescence	$196,959	$ 45,657	—	—	$242,616
YEAR ENDED MARCH 31, 2001					
Reserves and allowances deducted from asset Accounts:					
Allowance for uncollectible accounts	$ 54,925	$ (12,888)	—	—	$ 42,037
Allowance for obsolescence	$ 88,437	$108,522	—	—	$196,959
YEAR ENDED MARCH 31, 2000					
Reserves and allowances deducted from asset Accounts					
Allowance for uncollectible accounts	$ 19,685	$ 43,149	—	$7,909(1)	$ 54,925
Allowance for obsolescence	$ 22,817	$ 65,620	—	—	$ 88,437

(1) Uncollectible accounts written off, net of recoveries.

(a)(3) Index to Exhibits

See Index to Exhibits beginning below.

(b) Reports on Form 8-K

A report on Form 8-K was filed December 4, 2001 containing information relating to the private placement of 5,212,494 Special Warrants at a price of $0.45 per Special Warrant.

(c) Exhibits

Exhibit Number	Description of Document
2.1	Plan of Reorganization(1)
3.1	Articles of Incorporation(2)
3.2	Bylaws(3)
4.3	Shareholders Rights Agreement dated June 20, 1997 by and between the Registrant and Montreal Trust Company of Canada, as amended on August 21, 1997(14)
10.1	2000 Stock Option Plan(4)
10.2	Forms of Incentive and Nonstatutory Stock Option Agreements used in connection with the 2000 Stock Option Plan(4)
10.3	Lease Agreement by and between the Registrant and Nexus Sorrento Glen LLC dated August 26, 1999(5)
10.4	Stock Purchase Agreement dated October 6, 1998 by and between the Registrant and Johnson & Johnson Development Corporation (6)
10.5	Consulting Services Agreement dated December 6, 1999 by and between the Registrant and Lois J. Crandell(7)
10.6	Consulting Services Agreement dated December 6, 1999 by and between the Registrant and Günter A. Hofmann(7)
10.7	First Amendment to Agreement Concerning Termination of Employment of Lois J. Crandell dated May 24, 2000 by and between the Registrant and Lois J. Crandell(8)
10.8	First Amendment to Consulting Services Agreement dated May 24, 2000 by and between the Registrant and Lois J. Crandell(8)
10.9	First Amendment to Agreement Concerning Termination of Employment of Günter A. Hofmann dated May 24, 2000 by and between the Registrant and Günter A. Hofmann(8)
10.10	First Amendment to Consulting Services Agreement dated May 24, 2000 by and between the Registrant and Günter A. Hofmann(8)
10.11	Distribution Agreement Effective April 1, 2000 by and between the Company and Merck Eurolab GMBH(9) †
10.12	License Agreement dated September 20, 2000 by and between the Registrant and the University of South Florida Research Foundation, Inc.,(10) †
10.13	Warrant to Purchase Common Stock, dated September 15, 2000 by and between the Registrant and the University of South Florida Research Foundation(10) †
10.14	Warrant to Purchase Common Stock, dated September 15, 2000 by and between the Registrant and Dr. Richard Gilbert(10) †
10.15	Warrant to Purchase Common Stock, dated September 15, 2000 by and between the Registrant and Dr. Richard Heller(10) †
10.16	Warrant to Purchase Common Stock, dated September 15, 2000 by and between the Registrant and Dr. Mark Jaroszeski(10) †
10.17	Distributorship Agreement dated December 1, 2000 by and between the Registrant and Fisher Scientific Company LLC(11) †
10.18	Consulting Services Agreement dated May 15, 2001 by and between the Registrant and Martin Nash(12)
10.19	Separation Agreement dated July 17, 2001 by and between the Registrant and Martin Nash(13)
10.20	Amended 2000 Stock Option Plan(13)
10.21	Employment Agreement dated October 10, 2001 by and between the Registrant and Avtar Dhillon(14)

Exhibit Number	Description of Document
10.22	Separation Agreement dated November 7, 2001 by and between the Registrant and Terry Gibson
10.23	Agency Agreement — Special Warrant Private Placement dated November 1, 2001 by and between the Registrant and Canaccord Capital Corporation
10.24	Employment Agreement dated October November 15, 2001 by and between the Registrant and James L. Heppell
10.25	Separation Agreement dated November 20, 2001 by and between the Registrant and Grant Denison, Jr.
21.1	Subsidiaries of the Registrant (8)
23.1	Consent of Ernst & Young LLP, Independent Auditors (San Diego, California)
23.2	Consent of Ernst & Young LLP, Independent Auditors (Vancouver)
24.1	Power of Attorney. Reference is made to page headed “Signatures”

† Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

(1) Filed as an exhibit to Registrant’s Form S-4 on April 9, 2001 and incorporated herein by reference.

(2) Filed as an exhibit to Registrant’s Registration Statement on Form S-4 (333-56978) and incorporated herein by reference.

(3) Filed as an exhibit to Registrant’s Report on Form 10-Q for the quarter ended September 30, 2001 and incorporated herein by reference.

(4) Filed as an exhibit to Registrant’s Form S-8 on April 2, 2001 and incorporated herein by reference.

(5) Filed as an exhibit to Registrant’s Form 10-Q for the quarter ended September 30, 1999 and incorporated herein by reference.

(6) Filed as an exhibit to Registrant’s Form 10-K for the period ended March 31, 1999 and incorporated herein by reference.

(7) Filed as an exhibit to Registrant’s Form 10-Q for the quarter ended December 31, 1999 and incorporated herein by reference.

(8) Filed as an exhibit to Registrant’s Form 10-K for the year ended March 31, 2000 and incorporated herein by reference.

(9) Filed as an exhibit to Registrant’s Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference.

(10) Filed as an exhibit to Registrant’s Form 10-Q for the quarter ended September 30, 2000 and incorporated herein by reference.

(11) Filed as an exhibit to Registrant’s Form 10-Q for the quarter ended December 31, 2000 and incorporated herein by reference.

(12) Filed as an exhibit to Registrant’s Form 10-Q for the quarter ended June 30, 2001 and incorporated herein by reference.

(13) Filed as an exhibit to Registrant’s Form 10-Q for the quarter ended September 30, 2001 and incorporated herein by reference.

(14) Filed as an exhibit to Registrant’s Form S-3/A (333-76738) and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on this day April 1, 2002.

Genetronics Biomedical Corporation

By: /s/ Avtar Dhillon

Avtar Dhillon
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dr. Avtar S. Dhillon and Markus Hofmann, or any of them, his attorney-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Avtar Dhillon Avtar Dhillon	President, Chief Executive Officer (Principal Executive Officer), Director	April 1, 2002
/s/ Markus Hofmann Markus Hofmann	Acting Chief Financial Officer (Principal Accounting Officer and Principal Financial Officer)	April 1, 2002
/s/ Felix Theeuwes Felix Theeuwes	Director	April 1, 2002
/s/ James L. Heppell James L. Heppell	Director	April 1, 2002
/s/ Gordon J. Politeski Gordon J. Politeski	Director	April 1, 2002

GENETRONICS BIOMEDICAL CORPORATION
(in United States dollars)

Index to Financial Statements

The consolidated financial statements required by this item are submitted in a separate section beginning on page F-2 of this Annual Report on Form 10-K.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
Genetronics Biomedical Corporation

We have audited the accompanying consolidated balance sheet of Genetronics Biomedical Corporation (the "Company") as of December 31, 2001 and the related consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the nine months ended December 31, 2001. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2001 and the consolidated results of its operations and its cash flows for the nine months ended December 31, 2001, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the information as at December 31, 2001 and for the nine months ended December 31, 2001, included in the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, is presented fairly in all material respects.

As discussed in Note 1 to the financial statements, the Company has reported accumulated losses of $47,361,720 and without additional financing, lacks sufficient working capital to fund operations for the entire fiscal year ended December 31, 2002, which raises substantial doubt about its ability to continue as a going concern. Management's plans as to these matters are described in Note 1. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

San Diego, California,
February 1, 2002, except for the third paragraph of Note 21,
as to which the date is March 7, 2002

/s/ Ernst & Young, LLP

Ernst & Young, LLP

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
Genetronics Biomedical Corporation (formerly Genetronics Biomedical Ltd.)

We have audited the consolidated balance sheets of Genetronics Biomedical Corporation (formerly Genetronics Biomedical Ltd.) as at March 31, 2001 and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for each of the years in the two year period ended March 31, 2001. Our audits also included the information as at and for each of the years in the two year period ended March 31, 2001 included in the financial statement schedule listed at Item 13(a)(2). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with Canadian and United States generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2001 and the results of its operations and its cash flows for each of the years in the two year period ended March 31, 2001 in accordance with accounting principles generally accepted in the United States. Also, in our opinion, the information as at and for each of the years in the two year period ended March 31, 2001, included in the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, is presented fairly in all material respects.

As discussed in note 4 to the financial statements, during the year ended March 31, 2001 the Company changed its method of accounting for revenue recognition.

On May 4, 2001, we reported separately to the shareholders of Genetronics Biomedical Corporation (formerly Genetronics Biomedical Ltd.) on financial statements for the same period, prepared in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
May 4, 2001, except for Notes 1 and 11,
which are as at December 19, 2001

/s/ ERNST & YOUNG LLP

Chartered Accountants

Comments by Auditor for U.S. Readers on Canada-U.S. Reporting Differences

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when since the date of completion of our audit of the financial statements and initial issuance of our report thereon dated May 4, 2001 the Company has experienced conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the financial statements. Our report to the shareholders dated May 4, 2001 (except for Notes 1 and 11, which are as of December 19, 2001) is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the financial statements.

Vancouver, Canada,
December 19, 2001

/s/ ERNST & YOUNG LLP

Chartered Accountants

Genetronics Biomedical Corporation
a Delaware corporation (formerly Genetronics Biomedical Ltd.)

CONSOLIDATED BALANCE SHEETS

[See Note 1 — Nature of Business and Basis of Presentation]

	(in U.S. dollars and U.S. GAAP) December 31, 2001 $	March 31, 2001 $
ASSETS		
Current		
Cash and cash equivalents *[note5]*	**1,813,100**	3,721,326
Short-term investments *[note 5]*	**—**	2,806,620
Accounts receivable, net of allowance for doubtful accounts of $29,000 [March 31, 2001 -$42,000] *[note 6]*	**940,330**	903,526
Inventories *[note 7]*	**847,907**	756,543
Prepaid expenses and other	**6,327**	61,399
Total current assets	**3,607,664**	8,249,414
Fixed assets, net *[note 8]*	**648,176**	904,026
Other assets, net *[note 9]*	**2,377,874**	2,332,826
	6,633,714	11,486,266
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued expenses *[notes 10, 12 and 17]*	**1,462,592**	1,393,585
Current portion of obligations under capital leases *[note 13]*	**27,475**	68,931
Deferred revenue	**115,020**	50,029
Total current liabilities	**1,605,087**	1,512,545
Obligations under capital leases *[note 13]*	**20,642**	48,532
Deferred rent	**44,880**	34,901
Total liabilities	**1,670,609**	1,595,978
Commitments *[note 13]*		
Shareholders' equity *[note 11]*		
Common stock — par value $0.001 Authorized shares: 100,000,000 Issued and outstanding: 33,760,968 at December 31, 2001 and 33,756,718 at March 31, 2001	**33,761**	33,757
Class A Preferred stock — par value $0.001 Authorized shares: 100,000,000 Issued and outstanding: nil at December 31, 2001 and March 31, 2001	**—**	—
Common Stock Issuable *[note 11]*	**55,000**	
Additional paid in capital *[note11]*	**51,123,760**	50,958,547
Special warrants *[note 11]*	**1,748,937**	—
Receivables from executive/shareholders for stock purchase *[note 11]*	**(534,395)**	—
Other accumulated comprehensive loss	**(102,238)**	(100,086)
Accumulated deficit	**(47,361,720)**	(41,001,930)
Total shareholders' equity	**4,963,105**	9,890,288
	6,633,714	11,486,266

See accompanying notes

Genetronics Biomedical Corporation (formerly Genetronics Biomedical Ltd.)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

[See Note 1 — Nature of Business and Basis of Presentation]

(in U.S. dollars and U.S. GAAP)

	Nine months ended December 31, 2001 $	Year ended March 31, 2001 $	Year ended March 31, 2000 $
REVENUE			
Net sales *[note 6 and 16]*	**3,017,747**	4,452,939	4,134,436
License fee and milestone payments *[note 6]*	**981**	3,730,392	416,667
Government grants	—	101,086	334,901
Revenues under collaborative research and development arrangements	**109,669**	459,711	191,335
	3,128,397	8,744,128	5,077,339
EXPENSES			
Cost of sales	**1,322,763**	1,925,118	2,023,899
Research and development *[note19]*	**2,325,045**	5,771,774	6,402,962
Selling, general and administrative *[note 12 and 19]*	**5,928,502**	6,623,328	7,886,159
	9,576,310	14,320,220	16,313,020
Loss from operations	**(6,447,913)**	(5,576,092)	(11,235,681)
Other income(expense)			
Interest income	**98,865**	443,629	556,193
Interest expense	**(10,742)**	(20,380)	(24,342)
Foreign exchange loss	—	**(** 66,453)	—
Net loss before cumulative effect of change in accounting principle	**(6,359,790)**	(5,219,296)	(10,703,830)
Cumulative effect of change in accounting principle for revenue recognition *[note 4]*	**—**	(3,647,059)	—
Net loss	**(6,359,790)**	(8,866,355)	(10,703,830)
Foreign currency translation gain(loss) adjustment	—	(1,327)	2,090
Unrealized gain on short-term investments/ Reclassification of loss	**(2,152)**	2,152	—
Comprehensive loss	**(6,361,942)**	(8,865,530)	(10,701,740)
Loss per common share:			
Loss before cumulative effect of change in accounting principle	**(0.19)**	(0.19)	(0.48)
Cumulative effect of a change in accounting Principle	—	(0.13)	—
Loss per common share — basic and diluted	**(0.19)**	(0.32)	(0.48)
Pro forma loss assuming the change in accounting principles is applied retroactively	**(6,359,790)**	(5,219,296)	(10,468,536)
Pro forma loss per common share — basic and diluted assuming the change in accounting principle is applied retroactively	**(0.19)**	(0.19)	(0.47)
Weighted average number of common shares	**33,759,404**	27,648,854	22,107,190

See accompanying notes

Genetronics Biomedical Corporation (formerly Genetronics Biomedical Ltd.)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

[See Note 1 — Nature of Business and Basis of Presentation] (in U.S. dollars and U.S. GAAP)

	Common Stock		Common Stock Issuable	Special Warrants	Receivables From Executive/Shareholders
	Shares #	Amount $	$	$	$
	[restated note 11]				
Balance at March 31, 1999	21,666,266	21,666	—	—	—
Exercise of stock options for cash	988,542	989	—	—	—
Exercise of Agent's Special Warrants for cash	151,300	151	—	—	—
Issued for corporate finance services	30,000	30	—	—	—
Issuance of Special Warrants (net Of issuance costs of $1,498,742)	—	—	—	11,063,758	—
Issued pursuant to exercise of Special Warrants	23,000	23	—	(60,766)	—
Cancelled escrow shares [note 11]	(26,784)	(27)	—	—	—
Stock-based compensation	—	—	—	—	—
Unrealized gain on foreign currency translation	—	—	—	—	—
Net loss	—	—	—	—	—
Balance at March 31, 2000	22,832,324	22,832	—	11,002,992	—
Private placement (net of issuance costs of $734,368) for cash [note 11]	6,267,500	6,268	—	—	—
Exercise of stock options for cash	111,894	112	—	—	—
Exercise of warrants for cash [note 11]	180,500	180	—	—	—
Issued for corporate finance services [note 11]	50,000	50	—	—	—
Issued pursuant to exercise of Special Warrants [note 11]	4,164,500	4,165	—	(11,002,992)	—
Issued pursuant to license agreement [note 11]	150,000	150	—	—	—
Stock-based compensation			—		—
Unrealized loss on foreign currency translation	—	—	—	—	—
Unrealized gains on short-term investments	—	—	—	—	—
Net loss	—	—	—	—	—
Balance at March 31, 2001	33,756,718	33,757	—	—	—
Exercise of stock options for cash	4,250	4	—	—	—
Issuance of Special Warrants (net of cost) for cash	—	—	—	1,748,937	—
Issuance of note receivable from executive for purchase of stock	—	—	—	—	(65,271)
Receivable from shareholders					(469,124)
Common Stock issuable pursuant to services	—	—	55,000	—	—
Unrealized losses on short-term investments	—	—	—	—	—
Stock-based compensation	—	—	—	—	—
Net loss	—	—	—	—	—
Balance at December 31, 2001	33,760,968	33,761	55,000	1,748,937	(534,395)

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Additional Paid-in Capital $	Other Accumulated Comprehensive Loss $	Accumulated Deficit $	Total Shareholder's Equity $
	[restated note 11]			
Balance at March 31, 1999	29,769,441	(103,001)	(21,431,745)	8,256,361
Exercise of stock options for cash	1,515,250	—	—	1,516,239
Exercise of Agent's Special Warrants for cash	500,652	—	—	500,803
Issued for corporate finance services	91,860	—	—	91,890
Issuance of Special Warrants (net Of issuance costs of				

$1,498,742)	—	—	—	11,063,758
Issued pursuant to exercise of Special Warrants	60,743	—	—	—
Cancelled escrow shares [note 11]	27	—	—	—
Stock-based compensation	1,103,888	—	—	1,103,888
Unrealized gain on foreign currency translation	—	2,090	—	2,090
Net loss	—	—	(10,703,830)	(10,703,830)
Balance at March 31, 2000	33,041,861	(100,911)	(32,135,575)	11,831,199
Private placement (net of issuance costs of $734,368) for cash [note 11]	4,900,114	—	—	4,906,382
Exercise of stock options for cash	249,220	—	—	249,332
Exercise of warrants for cash [note 11]	597,275	—	—	597,455
Issued for corporate finance services [note 11]	44,950	—	—	45,000
Issued pursuant to exercise of Special Warrants [note 11]	10,998,827	—	—	—
Issued pursuant to license agreement [note 11]	900,300	—	—	900,450
Stock-based compensation	226,000	—	—	226,000
Unrealized loss on foreign currency translation	—	(1,327)	—	(1,327)
Unrealized gains on short-term investments	—	2,152	—	2,152
Net loss	—	—	(8,866,355)	(8,866,355)
Balance at March 31, 2001	50,958,547	(100,086)	(41,001,930)	9,890,288
Exercise of stock options for cash	4,619	—	—	4,623
Issuance of Special Warrants (net of cost) for cash	—	—	—	1,748,937
Issuance of note receivable from executive for purchase of stock	—	—	—	(65,271)
Receivable from shareholders				(469,124)
Common Stock issuable pursuant to services	—	—	—	55,000
Unrealized losses on short-term investments	—	(2,152)	—	(2,152)
Stock-based compensation	160,594	—	—	160,594
Net loss	—	—	(6,359,790)	(6,359,790)
Balance at December 31, 2001	51,123,760	(102,238)	(47,361,720)	4,963,105

See accompanying notes

Genetronics Biomedical Corporation (formerly Genetronics Biomedical Ltd.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

[See Note 1 — Nature of Business and Basis of Presentation]

(in U.S. dollars and U.S. GAAP)

	Nine months ended December 31 2001 $	Year ended March 31 2001 $	Year ended March 31 2000 $
OPERATING ACTIVITIES			
Net loss for the period	(6,359,790)	(8,866,355)	(10,703,830)
Items not involving cash:			
Depreciation and amortization	514,973	655,497	566,358
Restructuring charges	86,454	(277,451)	288,042
Stock-based compensation	215,594	226,000	1,103,888
Provision for (recovery of) doubtful accounts	(12,847)	(12,888)	43,149
Provision for inventory obsolescence	45,657	108,522	65,620
Write-down of fixed assets	—	17,156	—
Gain on disposal of fixed assets	(6,467)	—	—
Write-down of other assets	4,649	31,360	—
Deferred rent	9,979	24,929	408
Deferred revenue	64,991	(218,636)	268,665
Changes in non-cash working capital items:			
Accounts receivable	(23,957)	229,812	(386,951)
Inventories	(127,021)	(253,423)	(21,356)
Prepaid expenses and other	41,172	78,024	(133,328)
Accounts payable and accrued expenses	(17,447)	(113,048)	118,599
Cash used in operating activities	(5,564,060)	(8,370,501)	(8,790,736)
INVESTING ACTIVITIES			
Sale (Purchase) of short-term investments	2,804,468	(2,804,468)	—
Purchase of fixed assets	(27,574)	(263,970)	(289,511)
Increase in other assets	(288,651)	(320,587)	(495,581)
Cash provided by (used in) investing activities	2,488,243	(3,389,025)	(785,092)
FINANCING ACTIVITIES			
Payments on obligations under capital leases	(51,574)	(58,334)	(45,892)
Payment of loan to executive	(65,271)	—	—
Proceeds from issuance of Special Warrants, net of issue costs	1,279,813	—	11,155,648
Proceeds from issuance of common shares, net of issue costs	4,623	5,798,169	2,017,042
Cash provided by financing activities	**1,167,591**	5,739,835	13,126,798
Effect of exchange rate changes on cash	—	(1,327)	2,090
Increase (decrease) in cash and cash equivalents	**(1,908,226)**	(6,021,018)	3,553,060
Cash and cash equivalents, beginning of period	**3,721,326**	9,742,344	6,189,284
Cash and cash equivalents, end of period	**1,813,100**	3,721,326	9,742,344

See accompanying notes

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Genetronics Biomedical Corporation (the "Company") was incorporated on August 8, 1979 under the laws of British Columbia. The Company carries out its business through its United States wholly-owned subsidiary, Genetronics, Inc., that was incorporated in California on June 29, 1983. Through its BTX Instrument Division, the Company develops, manufactures, and markets electroporation instrumentation and accessories used by scientists and researchers to perform genetic engineering techniques, such as cell fusion, gene transfer, cell membrane research and genetic mapping in research laboratories worldwide. Through its Drug and Gene Delivery Division, the Company is developing drug delivery systems which are designed to use electroporation to enhance drug or gene delivery in the areas of oncology, dermatology, gene therapy, cardiology and transdermal drug delivery. The Company sells the majority of its BTX products to customers in the United States, Europe, and East Asia.

On June 15, 2001, the Company completed a change in its jurisdiction of incorporation from British Columbia, Canada into the state of Delaware. The change was accomplished through a continuation of Genetronics Biomedical Ltd., a British Columbia Corporation, into Genetronics Biomedical Corporation, a Delaware corporation. Concurrent with the continuation of the Company in Delaware, the shareholders authorized for issuance 100,000,000 common shares with a $0.001 par value. The Company also changed its fiscal year end from March 31 to December 31.

The Company's consolidated financial statements for the nine months ended December 31, 2001 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business for the foreseeable future.

The Company incurred a net loss of $6,359,790 for the nine months ended December 31, 2001, has a working capital of $2,002,577 and has an accumulated deficit of $47,361,720 at December 31, 2001. The ability of the Company to continue as a going concern is dependent upon its ability to achieve profitable operations and to obtain additional capital. These factors raise substantial doubt about the Company's ability to continue as a going concern. In October 2001, the Company reduced its operating expenses through a reorganization of its operations by reducing its headcount by approximately 20%. As the reduction of the headcount alone will not prevent future operating losses, the Company is aggressively seeking further funding in order to satisfy its projected cash needs for at least the next twelve months. The Company will continue to rely on outside sources of financing to meet its capital needs beyond next year. The outcome of these matters cannot be predicted at this time. Further, there can be no assurance, assuming the Company successfully raises additional funds, that the Company will achieve positive cash flow. If the Company is not able to secure additional funding, it will be required to further scale back its research and development programs, preclinical studies and clinical trials, and selling, general, and administrative activities and may not be able to continue in business. These consolidated financial statements do not include any adjustments to the specific amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue in business.

SELECTED FINANCIAL DATA FOR NINE MONTH PERIODS ENDED DECEMBER 31, 2001 AND 2000

The following is selected financial data for the Short Fiscal Year ended December 31, 2001 and the comparable prior year period:

Fiscal Periods Ended	Nine Months Ended December 31, 2001	Nine Months Ended December 31, 2000 (Unaudited)
Net Sales	$ 3,017,747	$ 3,386,977
License fee and milestone payments	981	259,802
Revenues under collaborative research and development arrangements and government grants	109,669	411,502
Gross Profit	1,694,984	1,878,371
Interest Income	98,865	340,048
Net Loss for Period before cumulative effect of change in accounting principle	(6,359,790)	(6,163,426)
Cumulative effect on prior years of change in accounting principle (1)	—	(3,647,059)
Net Loss for Period	(6,359,790)	(9,810,485)
Amounts per common share — basic and diluted:		
Net loss before cumulative effect of change in accounting principle	(0.19)	(0.24)
Cumulative effect of change in accounting principle	—	(0.14)
Net Loss	(0.19)	(0.38)
Pro forma loss assuming the change in accounting principle is applied retroactively	(6,359,790)	(6,163,426)
Pro forma loss per common share assuming the change in accounting principle is applied retroactively	(0.19)	(0.24)

(1) During the fourth quarter ended March 31, 2001, the Company changed its method of accounting for revenue recognition in accordance with Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. Effective April 1, 2000, the Company recorded the cumulative effect of the accounting change.

2. ACCOUNTING POLICIES

As a result of the continuation of the Company from British Columbia, Canada, to Delaware, these financial statements have been prepared in accordance with generally accepted accounting principles in the United States. A reconciliation of amounts presented in accordance with Canadian generally accepted accounting principles is detailed in note 20. The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Consolidation

These consolidated financial statements include the accounts of Genetronics Biomedical Corporation and its wholly-owned subsidiary, Genetronics, Inc., a company incorporated in the state of California. Effective May 2000, Genetronics Inc. closed the operations of its wholly owned subsidiary Genetronics SA, a company incorporated in France and subsequently sold its investment in Genetronics SA for nominal consideration to Geser SA, a company owned by the former General Manager of Genetronics SA. Significant intercompany accounts and transactions have been eliminated on consolidation.

Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements. Actual results could differ from those estimates.

Foreign currency translation

Through December 31, 2000, the functional currency of the Company was the Canadian dollar, while the reporting currency in the consolidated financial statements was the U.S. dollar. Assets and liabilities were translated into U.S. dollars using current exchange rates in effect at the balance sheet date. Revenue and expense accounts were translated using the weighted average exchange rate during the year. Gains and losses resulting from this process were recorded in shareholders' equity as an adjustment to the cumulative translation adjustment account.

Effective January 1, 2001, due to a change in circumstances, the functional currency of the Company changed to the U.S. dollar. Accordingly, non-U.S. monetary assets and liabilities are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the average exchange rate for the year. Gains or losses arising on this foreign currency translation are recorded in net loss.

The accounts of the Company's French subsidiary, an integrated entity to the Company's U.S. subsidiary, were recorded in French francs and have been translated into U.S. dollars such that monetary assets and liabilities were translated at the year-end exchange rates. Non-monetary assets and liabilities were translated using historical rates of exchange. Revenues and expenses were translated at the rates of exchange prevailing on the dates such items are recognized in earnings. Exchange gains and losses were included in income for the year. The effect on the statement of loss of transaction gains and losses was insignificant.

Cash equivalents

The Company considers all highly liquid investments with maturities of 90 days or less, when purchased, to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

Short-term investments

Short-term investments are classified as available-for-sale and carried at market values with unrealized gains or losses reflected as a component of other accumulated comprehensive loss.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) and replacement cost for raw materials and net realizable value for finished goods and work in process. Cost includes materials, direct labor and applicable overhead. The Company records an inventory provision for any excess parts related to the BTX Instrument Division and Drug and Gene Delivery Division products and any obsolete products that have been discontinued.

Fixed assets

Fixed assets are stated at cost and depreciated over the estimated useful lives of the assets (three to seven years) using the straight-line method. Leasehold improvements and equipment under capital leases are being depreciated over the shorter of the estimated useful lives of the assets or the term of the lease. Depreciation of leased assets is included in depreciation and amortization.

Patent and license costs

Patents are recorded at cost and amortized using the straight-line method over the expected useful lives of the patents or 17 years, whichever is less. Cost is comprised of the consideration paid for patents and related legal

costs. If management determines that development of products to which patent costs relate is not reasonably certain or that costs exceed recoverable value, such costs are charged to operations.

License costs are recorded based on the fair value of consideration paid and amortized using the straight-line method over the expected useful life of the underlying patents.

Long-Lived Assets

In accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, if indicators of impairment exist, the Company assesses the recoverability of the affected long-lived assets by determining whether the carrying value of such assets can be recovered through undiscounted future operating cash flows. If impairment is indicated, the Company measures the future discounted cash flows associated with the use of the asset to determine fair value. While the Company's current and historical operating and cash flow losses are indicators of impairment, the Company believes the future discounted cash flows to be received from the long-lived assets will exceed the assets carrying value, and accordingly, the Company has not recognized any impairment losses through December 31, 2001.

Income taxes

The Company accounts for income taxes using the liability method of tax allocation. Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is included in earnings in the period that includes the enactment date. Future income tax assets are recorded in the consolidated financial statements if realization is considered more likely than not.

Advertising costs

Advertising costs are expensed as incurred. Advertising expense for the nine months ended December 31, 2001 was $174,147 [year ended March 31, 2001 - $198,329; year ended March 31, 2000 — $225,035].

Government grants

The Company receives non-refundable grants under available government programs. Government grants towards current expenditures are recorded as revenue when there is reasonable assurance that the Company has complied with all conditions necessary to receive the grants, collectibility is reasonably assured, and as the expenditures are incurred.

Revenue recognition

Sales are recognized upon delivery of products to its customers if a signed contract exists, the sales price is fixed and determinable, collection of the resulting receivables is reasonably assured and any uncertainties with regard to customer acceptance are insignificant. Sales are recorded net of discounts. The Company's sales to customers and end users do not contain any customer acceptance and/or price protection provisions. All sales to customers are final and therefore revenues are recognized at the time of delivery, except when the contract includes a right of return clause. To the extent there is a right of return clause, sales are recognized once the right of return has expired or the product has been sold to the end customer.

A provision for the estimated warranty expense is established by a charge against operations at the time the product is sold.

The Company has adopted a strategy of co-developing or licensing its gene delivery technology for specific genes or specific medical indications. Accordingly, the Company has entered into collaborative research and development agreements and has received funding for pre-clinical research and clinical trials. Payments under these

agreements, which are non-refundable, are recorded as revenue as the related research expenditures are incurred pursuant to the terms of the agreement and provided collectibility is reasonably assured.

License fees comprise initial fees and milestone payments derived from collaborative licensing arrangements. Non-refundable milestone payments continue to be recognized upon (i) the achievement of specified milestones when the Company has earned the milestone payment, (ii) the milestone payment is substantive in nature and the achievement of the milestone was not reasonably assured at the inception of the agreement. The Company defers payments for milestone events which are reasonably assured and recognizes them ratably over the minimum remaining period of the Company's performance obligations. Payments for milestones which are not reasonably assured are treated as the culmination of a separate earnings process and are recognized as revenue when the milestones are achieved.

Prior to the adoption of SAB 101, the Company initially recognized up-front non-refundable payments as revenue upon receipt, as these fees were non-refundable and the Company had transferred the technology and product rights upon the contract's inception and incurred costs in excess of the up-front fees prior to the initiation of each arrangement. Upon the adoption of SAB 101, up-front non-refundable payments received which require the ongoing involvement of the Company are deferred and amortized into income on a straight-line basis over the term of the relevant license or related underlying product development period.

Shipping and handling costs

Costs incurred to ship the Company's goods to the buyer are charged to cost of sales as incurred. Amounts billed to the customer as a reimbursement for shipping and handling costs are recorded in net sales as the related revenue is recognized.

Loss per common share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated in accordance with the treasury stock method and reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted to common stock. Since the effect of the assumed exercise of common stock options and other convertible securities was anti-dilutive, basic and diluted loss per common share are the same.

Leases

Leases have been classified as either capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of assets are accounted for as if there was an acquisition of an asset and incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Stock based compensation

The Company follows Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB25) and related interpretations, in accounting for its employee stock options. Under APB25, because the exercise price of the Company's options for common shares granted to employees is not less than the fair market value of the underlying stock on the date of grant, no compensation expense has been recognized. Options awarded to non-employees, including consultants, are recorded at fair values using Black Scholes option pricing model based on the vesting terms of the options.

Recent accounting pronouncement

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS133), as amended by SFAS137 and SFAS138. SFAS133, as amended, was effective for the Company's year commencing April 1, 2001.

The Company's adoption of SFAS133 did not have a material impact on the Company's operations or financial position.

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Standards ("SFAS") No. 141, "Business Combinations" and No. 142 Goodwill and Other Intangible Assets. SFAS 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001 and provides guidance on the initial recognition and measurement of goodwill and other intangible assets. SFAS 142 prohibits the amortization of goodwill and intangible assets with indefinite useful lives. SFAS 142 requires that these assets be reviewed for impairment at least annually. Intangible assets with finite lives will continue to be amortized over their estimated useful lives. The Company does not believe that the adoption of SFAS 141 and SFAS 142 will have a significant effect on its financial statements.

3. FINANCIAL INSTRUMENTS

For certain of the Company's financial instruments including cash equivalents, short-term investments, accounts receivable and accounts payable and accrued expenses the carrying values approximate fair value due to their short term nature. The obligations under capital lease bear rates which in management's opinion approximate the current interest rate and therefore approximate fair value.

4. CHANGE IN ACCOUNTING PRINCIPLE

During the fourth quarter ended March 31, 2001, the Company changed its accounting policy for upfront non-refundable license payments received in connection with collaborative license arrangements in accordance with Staff Accounting Bulletin No. 101 (SAB 101), as amended by SAB 101(A) and (B), issued by the U. S. Securities and Exchange Commission.

The Company had received cumulative up-front payments of approximately $4,000,000 through April 1, 2000. In accordance with SAB 101, the Company is required to record these fees over the life of the arrangement, which was terminated in the year ended March 31, 2001 (See Note 6). As a result of this change, revenues in the year ended March 31, 2001 have increased by $3,647,059 and the cumulative effect of this change in accounting principle is a charge of $3,647,059 in the year ended March 31, 2001.

5. CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

At December 31, 2001, cash equivalents include approximately $963,893 of commercial paper with an average interest rate of 2.64%. At March 31, 2001, cash equivalents include approximately $3,018,819 of commercial paper and term deposits with an average interest rate of 5.44%. In addition, cash equivalents included amounts denominated in Cdn dollars aggregating $nil at December 31, 2001, [March 31, 2001 — $374,955].

At March 31, 2001, short-term investments comprised mainly commercial paper and term deposits with an average interest rate of 5.39% and maturities to June 15, 2001.

6. MAJOR CUSTOMERS AND CONCENTRATION OF CREDIT RISK

The Company relies on distributors for the sale of its products. For the nine months ended December 31, 2001, approximately 33% of sales were through one distributor [year ended March 31, 2001 — 39%; year ended March 31, 2000 — 28%]. As at December 31, 2001, $346,035 is due from two distributors which is included in accounts receivable [March 31, 2001 — $316,356].

Credit is extended based on an evaluation of a customer's financial condition and generally collateral is not required. To date, credit losses have not been significant.

In November 2001, the Company entered into a non-exclusive license with Valentis, Inc. to use its MedPulser® System in the development of its Genemedicine™ products. The Company will receive an insignificant upfront payment in the first quarter of 2002 and payments upon the achievements of specified milestones in the form

of cash and stock of Valentis as well as a supply agreement between the two companies. The agreement expires in 2018.

By an exclusive license and development agreement dated October 2, 1998, the Company had granted the rights to its drug delivery technology to make, use and sell oncology products as defined in the agreement. The agreement was to expire at the expiration of certain patent rights covering the technology in 2016. Pursuant to the agreement, during the year ended March 31, 2001, and after giving effect to the change in the Company's revenue recognition policy, the Company recognized license fee and milestone payments from the licensee in the amount of $3,730,392. Prior to the changes in accounting policy adopted in 2001, the Company recognized fees from this arrangement of $416,667 in fiscal 2000 and $4,500,000 in fiscal 1999. On July 26, 2000, the Company received notice that the licensee had elected to exercise its discretionary right to terminate, without cause, the license agreement. The agreement provided for a termination notice of 180 days; accordingly, the effective termination date was January 22, 2001, at which time the unamortized portion of the up-front license fee was recorded into income. All rights previously granted to the licensee were returned to the Company.

7. INVENTORIES

	December 31, 2001 $	March 31, 2001 $
Raw materials	**740,590**	564,034
Work in process	**49,070**	85,006
Finished goods	**300,863**	304,462
	1,090,523	953,502
Less: allowance for obsolescence	**(242,616)**	(196,959)
	847,907	756,543

8. FIXED ASSETS

	Cost $	Accumulated depreciation $	Net book value $
As at December 31, 2001			
Machinery, equipment and office furniture	**1,718,558**	**1,159,353**	**559,205**
Leasehold improvements	**435,304**	**389,793**	**45,511**
Equipment under capital leases	**200,567**	**157,107**	**43,460**
	2,354,429	**1,706,253**	**648,176**
As at March 31, 2001			
Machinery, equipment and office furniture	1,767,009	1,018,103	748,906
Leasehold improvements	435,304	368,078	67,226
Equipment under capital leases	256,788	168,894	87,894
	2,459,101	1,555,075	904,026

During the nine months ended December 31, 2001, the Company wrote off $nil of fixed assets that had no future value [year ended March 31, 2001 — $17,156; year ended March 31, 2000 — $nil].

9. OTHER ASSETS

	December 31, 2001 $	March 31, 2001 $
Patent costs, net	**1,601,055**	1,471,590
License costs, net	**750,375**	834,792
Other	**26,444**	26,444
	2,377,874	2,332,826

Patent costs are net of accumulated amortization of $619,247 at December 31, 2001 [March 31, 2001 — $465,358]. License costs are net of accumulated amortization of $150,075 at December 31, 2001 [March 31, 2001 — $65,658].

The Company has two primary groups of patents (Group 1 and Group 2), which are being amortized over a period of 8 years and 17 years, respectively. The patent balance, net of accumulated amortization, of Group 1 totaled $1,090,047 at December 31, 2001 [March 31, 2001 — $925,134]. The patent balance, net of accumulated amortization, of Group 2 totaled $511,008 at December 31, 2001 [March 31, 2001 — $546,456]. License costs, net of accumulated amortization, totaled $750,375 at December 31, 2001 [March 31, 2001 — $834,792] and are being amortized over a period of 8 years.

During the nine months ended December 31, 2001, the Company wrote off patent costs of $4,649 with respect to patents not directly related to the Company's current focus [year ended March 31, 2001 — $31,360; year ended March 31, 2000 — $nil].

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31, 2001 $	March 31, 2001 $
Trade accounts payable	624,558	907,584
Accrued compensation [Note 12]	509,975	347,277
Customer deposits	6,648	4,192
Accrued legal	19,283	45,810
Accrued clinical	78,685	1,989
Accrued warranties	86,406	47,912
Accrued expenses	137,037	38,821
	1,462,592	1,393,585

11. SHARE CAPITAL

As a result of the Company's continuation into Delaware [*note 1*] on June 15, 2001, the Company changed its no par value common shares to $0.001 par value common shares. The shareholders' equity for all periods presented has been reclassified to conform to this presentation.

On January 17, 2001, the Company completed a public offering of 6,267,500 common shares at a price of Cdn $1.35 per share for gross proceeds of Cdn $8,461,125 (U.S. $5,640,750) less expenses of Cdn $1,102,877 (U.S. $734,368). The Company has also granted the Agent compensation warrants exercisable until January 16, 2002 to purchase 500,000 common shares, at Cdn $1.35 per common share. The Company has also issued to the Agent 50,000 common shares as compensation for corporate finance services.

Pursuant to a consulting agreement dated June 12, 2001, the Company agreed to issue shares with a value of $55,000 based on the fair market value of the Company's common stock on the completion date of the project in October 2001. As of December 31, 2001 these shares had not been issued and were recorded as common stock issuable. The 100,000 common shares were subsequently issued on January 9, 2002.

On September 15, 2000, the Company entered into an exclusive license agreement with the University of South Florida Research Foundation, Inc. ("USF"), whereby USF granted the Company an exclusive, worldwide license to USF's rights in patents and patent applications generally related to needle electrodes ("License Agreement"). These electrodes were jointly developed by the Company and USF. Pursuant to the License Agreement, the Company granted USF and its designees warrants to acquire 600,000 common shares for $2.25 per share until September 14, 2010. Of the total warrants granted, 300,000 vest at the date of grant and the remainder will vest upon the achievement of certain milestones. The 300,000 non-forfeitable vested warrants were valued at $553,950 using the Black-Scholes pricing model and were recorded as other assets with a credit to additional paid in capital. The remaining 300,000 warrants are forfeitable and will be valued at the fair value on the date of vesting using the Black-Scholes pricing model.

In addition, pursuant to the above License Agreement, the Company issued a total of 150,000 common shares with a fair market value of $346,500 to USF and its designees for no additional consideration. The fair market value of the common shares on September 15, 2000 was recorded as other assets and a credit to share capital.

During the year ended March 31, 2000, the Company cancelled 26,784 common shares held in escrow for no consideration. Accordingly, the weighted average per common share amount attributed to the cancelled shares of $35,768 has been allocated to additional paid in capital.

Special Warrants

On November 30, 2001, the Company closed a private placement of 5,212,494 special warrants at a price of $0.45 per Special Warrant for gross proceeds of $2,345,622. Each Special Warrant entitles the holder to acquire one common share of the Company and one-half of a non-transferable warrant of the Company, without payment of further consideration, on the exercise or deemed exercise of the Special Warrant. Each full Warrant entitles the holder to purchase one common share at a price of $0.75 through May 30, 2003. The gross proceeds of this financing was reduced by issuance costs including the agent's commission of 7.5% of the gross proceeds of $175,922 and other issue costs estimated at $552,663. The agent was also granted Agent's Series A Special Warrants entitling the holder to acquire 100,000 common shares of the Company, without payment of further consideration, exercisable on or before November 30, 2002 and Agent's Series B Special Warrants entitling the agent to acquire 521,249 Agent's Share Purchase Warrants. Each Agent's Share Purchase Warrant entitles the holder to acquire one common share of the Company at a price of $0.45 per Agent's Share Purchase Warrant, exercisable through May 30, 2003.

On January 25 , 2002, the Company filed a preliminary prospectus in Canada qualifying the common shares and share purchase warrants of the Company. Of the total gross proceeds, 20% ($469,124) was withheld from the Company and placed in an escrow account by the placement agent. If the Company does not obtain approval for its Canadian prospectus and U.S. registration statement by February 28, 2002(see Note 21), the Company will not receive the funds held in escrow. As of December 31, 2001, the Company recorded proceeds of $1,748,937 for the proceeds from the sale of the 5,212,494 Special Warrants, net of issuance costs of $596,685. The 20% held in escrow is recorded as a receivable from the shareholders.

In November 2001, the Company entered into a note receivable agreement with one of its executive officers in the amount of $65,000, to enable the executive to purchase 144,000 Special Warrants offered through the Company's private placement [note 19[i]]. The loan plus accrued interest, at an interest rate of 5.0%, is payable on or before November 9, 2004.

Pursuant to an Agency Agreement dated June 16, 1999, the Company issued 4,187,500 Special Warrants at $3.00 each for total consideration of $12,562,500 before deducting the agent's commission and other costs of $1,498,742 and other issue costs. Each Special Warrant entitles the holder to receive, at no additional cost, one common share of the Company. During the year ended March 31, 2001, the Company issued 4,164,500 [2000 — 23,000] common shares pursuant to the exercise and conversion of these Special Warrants.

Warrants

In connection with the issuance of 1,955,000 common shares pursuant to an Agency Agreement dated April 15, 1997, the Company granted the agent warrants to acquire 200,000 common shares for Cdn. $4.30 per share until May 26, 1998. During the year ended March 31, 1999, the Company amended the terms of the warrants by increasing the exercise price to Cdn. $4.73 and extending the expiration date to November 30, 1998. These warrants were exercised during the year ended March 31, 1999.

In connection with the issuance of 4,187,500 Special Warrants pursuant to an Agency Agreement dated June 16, 1999, the Company issued to the Agent's nominee for no additional consideration, 30,000 common shares and 418,750 Special Warrants exercisable, for no additional consideration, into 418,750 share purchase warrants, which were exercisable into 418,750 common shares at a price of $3.31 per share on or before June 16, 2000. During the year ended March 31, 2001, the Company issued 180,500 [2000 — 151,300] common shares pursuant to

the exercise of 180,500 [2000 — 151,300] of these share purchase warrants. The unexercised balance of 86,950 share purchase warrants expired.

Stock options

The Company has three stock option plans pursuant to which stock options are granted to executive officers, directors, employees and consultants.

The 1995 stock option plan (the "1995 Plan") was approved by the shareholders in 1995 and subsequently amended in 1997. The 1995 Plan was suspended by the Board of Directors in June 1997 and no further options will be granted pursuant to this plan. As at December 31, 2001, there are 806,000 options outstanding pursuant to the 1995 Plan.

The 1997 stock option plan (the "1997 Plan"), as amended in 1999, was approved by the shareholders in July 1999. The 1997 Plan was suspended by the Board of Directors in July 2000 and no further options will be granted pursuant to this plan. As at December 31, 2001, there are 2,138,425 options outstanding pursuant to the 1997 Plan.

The 2000 Stock Option Plan (the "2000 Plan"), effective July 31, 2000, was approved by the shareholders on August 7, 2000, pursuant to which 7,400,000 common shares are reserved for issuance to executive officers, directors, employees and consultants of the Company. The 2000 Plan supercedes all previous stock option plans. At December 31, 2001, 849,825 common shares are available for future grants and 2,826,500 stock options are outstanding pursuant to the 2000 Plan. The options available for issuance under the 2000 Plan generally have a term of ten years and vest over a period of three years. The Plan will terminate on July 30, 2010.

The Company accounts for options granted to non-employees in accordance with EITF 96-18 and FAS 123. The fair value of these options at the measurement dates was estimated using the Black-Scholes pricing model. The weighted-average fair value of the options granted to non-employees for the nine months ended December 31, 2001 and the years ended March 31, 2001 and 2000 was $1.08, $1.35, and $1.41, respectively.

During the year ended March 31, 2000, the Company amended the terms of certain stock options to former officers of the Company pursuant to the agreements in note 12, by accelerating the remaining vesting period of 200,000 stock options at an exercise price of $2.95 from 25% each year to 100% immediately and extending the expiration date of the 200,000 stock options and 413,325 vested options. As a result additional stock-based compensation was recorded in the fiscal year ended March 31, 2000 of $697,924 at a weighted average fair value of $1.14 which was estimated by using the Black Scholes Pricing Model.

Total stock-based compensation for options granted to non-employees for the nine months ended December 31, 2001 and the years ended March 31, 2001 and 2000 was $160,594, $226,000, and $1,103,888, respectively.

The following table summarizes the stock options outstanding at December 31, 2001:

	Options outstanding			Options exercisable	
Range of exercise prices $	Number of options outstanding #	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options exercisable #	Weighted average exercise price $
0.43 - 0.55	1,305,125	9.77	0.49	452,875	0.51
0.70 - 1.00	311,375	8.12	0.89	230,875	0.85
1.12 - 1.66	1,504,250	7.29	1.36	1,012,623	1.31
1.69 - 2.52	586,475	5.41	2.19	567,475	2.19
2.55 - 3.75	1,644,950	4.26	2.92	1,605,700	2.91
4.00 - 5.50	418,750	7.99	4.28	265,250	4.25
	5,770,925	6.89	1.88	4,134,798	2.13

Stock option transactions for the year and the number of stock options outstanding are summarized as follows:

	No. of common shares issuable #	Weighted average exercise price $
Balance, March 31, 1999	4,654,136	2.24
Options granted	1,048,200	3.57
Options exercised	(988,542)	1.53
Options forfeited	(198,250)	2.71
Balance, March 31, 2000	4,515,544	2.63
Options granted	1,537,000	1.43
Options exercised	(111,894)	2.23
Options forfeited	(480,950)	2.56
Balance, March 31, 2001	5,459,700	2.36
Options granted	2,114,000	0.84
Options exercised	(4,250)	1.09
Options forfeited	(1,798,525)	2.11
Balance, December 31, 2001	5,770,925	1.88

During the year ended March 31, 2001, the Company granted 50,000 stock options to one of its executive officers with an exercise price of $1.31, which were to vest upon the achievement of certain performance-based milestones. These options were forfeited in November 2000 as the milestones were not met.

Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standard No. 123, *Accounting for Stock Based Compensation* (SFAS123), which also requires that the information be determined as if the Company has accounted for its employee stock options granted under the fair value method of that statement. The fair value for these options was estimated at the date of grant using a Black-Scholes pricing model with the following weighted average assumptions for the nine months ended December 31, 2001: risk free interest rate of 4.9% [year ended March 31, 2001 - 5.6%; year ended March 31, 2000 — 6.1%]; dividend yield of 0%; volatility factor of the expected market price of the Company's common stock of 1.25 [year ended March 31, 2001 — 0.75; year ended March 31, 2000 — 0.62]; and a weighted average expected life of the options of 9 years [year ended March 31, 2001 — 9; year ended March 31, 2000 — 5].

The Black Scholes options valuation model was developed for use in estimating the fair value of trade options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The weighted-average fair value of options granted during the nine months ended December 31, 2001 which were granted at fair market value on the date of grant was $0.80 [year ended March 31, 2001 — $1.51; year ended March 31, 2000 - $2.56].

Supplemental disclosure of pro forma loss and loss per common share is as follows:

	Nine months ended December 31 2001 $	Year ended March 31 2001 $	Year ended March 31 2000 $
Pro forma loss	**(7,035,807)**	(10,636,154)	(11,985,791)
Pro forma loss per common share	**(0.21)**	(0.38)	(0.54)

Shareholder Rights Plan

In 1997, the shareholders approved the adoption of a Shareholder Rights Plan (the "Rights Plan") to protect the Company's shareholders from unfair, abusive or coercive take-over strategies. Under the Rights Plan, holders of common shares are entitled to one share purchase right ("Right") for each common share held. If any person or

group makes a take-over bid, other than a bid permitted under the plan or acquires 20% or more of the Company's outstanding common shares without complying with the Rights Plan, each Right entitles the registered holder thereof to purchase, in effect, $20 equivalent of common shares of the Company at 50% of the prevailing market price.

12. RESTRUCTURING CHARGES

During the year ended March 31, 2000, the Company undertook a review of its operating structure to identify opportunities to improve operating effectiveness. As a result of this review, certain staffing changes occurred and in December 1999, the Company entered into termination agreements with two of its senior executives. In accordance with the staffing changes and the terms of the termination agreements, the Company has accrued and recorded severance costs and certain benefits amounting to $597,183 for the year ended March 31, 2000. As at December 31, 2001, $2,880 [March 31, 2001 — $10,591] was included in accounts payable and accrued expenses relating to these restructuring charges.

In October 2001 the Company reorganized its operations to reduce its operating expenses. As a result of the reorganization the Company terminated 16 employees of which 7 had been employed in general and administrative departments, 5 in research and development departments, and 4 in sales and marketing departments. In accordance with the staffing changes and the terms of the termination agreements, the Company has accrued and recorded severance costs and certain benefits amounting to $210,911 for the nine months ended December 31, 2001. As at December 31, 2001, $94,165 was included in accounts payable and accrued expenses relating to these reorganization charges.

13. COMMITMENTS

[a] The Company leases its facilities and certain motor vehicles under operating lease agreements which expire up to 2006. The facilities lease agreements require the Company to pay maintenance costs. Rent expense under operating leases was as follows:

	Nine months ended December 31 2001 $	Year ended March 31 2001 $	Year ended March 31 2000 $
Rentals	376,268	501,949	388,524

At December 31, 2001, future minimum lease payments under non-cancellable operating leases are as follows:

	$
2002	558,219
2003	570,300
2004	573,829
2005	35,454
2006	26,712
	1,764,514

[b] The Company leases certain office equipment under capital lease arrangements. At December 31, 2001 future minimum lease payments under non-cancellable capital leases are as follows:

	$
2002	32,291
2003	22,204
Total minimum lease payments	54,495
Amounts representing interest (approximately 17%)	6,378
Present value of future minimum lease payments	48,117
Less: current portion of capital lease obligations	27,475
Long-term portion of capital leases	20,642

[c] Pursuant to the USF license agreement entered into during the year ended March 31, 2001 [note 10], the Company is responsible for payment of royalties, based on a percentage of revenue from the licensed product. As at December 31, 2001, no royalties were payable.

14. INCOME TAXES

At December 31, 2001, the Company has U.S. federal and California income tax net operating loss carryforwards of approximately $40.5 million and $12.5 million, respectively. The federal loss carryforwards will begin to expire in 2008 unless previously utilized. The California loss carryforwards will continue to expire in 2002. The difference between the U.S. federal and California tax loss carryforwards is primarily attributable to the capitalization of research and development expenses for California income tax purposes and the 50% limitation of California loss carryforwards. In addition, the U.S. subsidiary has U.S. federal and California research tax credit carryforwards of approximately $949,000 and $498,000, respectively, which will begin to expire in 2005, unless previously utilized.

Pursuant to Internal Revenue Code Sections 382 and 383, annual use of the subsidiary's net operating loss and credit carryforwards may be limited because of a cumulative change in ownership of more than 50%. However, the Company does not believe such limitations will have a material impact upon the utilization of these carryforwards.

Significant components of the Company's deferred tax assets as of December 31, 2001 and March 31 2001 are shown below:

	December 31, 2001 $	March 31, 2001 $
Deferred tax assets:		
Capitalized research expense	1,078,000	872,000
Net operating loss carryforwards	14,913,000	13,608,000
Research and development credits	1,296,000	1,177,000
Share issue costs	—	642,000
Other	369,000	213,000
Total deferred tax assets	17,656,000	16,512,000
Valuation allowance	(16,909,000)	(15,665,000)
Total deferred tax assets	747,000	847,000
Deferred tax liabilities:		
Difference between book and tax basis For patent and license costs	(747,000)	(847,000)
Total deferred tax liabilities	(747,000)	(847,000)
Net deferred tax assets	—	—

The potential income tax benefits relating to the future tax assets have been recognized in the accounts to the extent their realization meets the requirements of "more likely than not" under the liability method of tax allocation.

The reconciliation of income tax attributable to operations computed at the statutory tax rates to income tax expense (recovery), using a 35% statutory tax rate, is:

	At December 31, 2001 $	At March 31, 2001 $
Income taxes at statutory rates	(2,226,000)	(3,942,000)
State income tax, net of federal benefit	(366,000)	—
Foreign rate differential	—	146,000
Losses not recognized (California)	—	525,000
Change in valuation allowance	3,565,000	3,142,000
Other	(973,000)	129,000
	—	—

15. PENSION PLAN

In 1995, the U.S. subsidiary adopted a 401 (k) Profit Sharing Plan covering substantially all of its employees in the United States. The defined contribution plan allows the employees to contribute a percentage of their compensation each year. The Company currently matches 50% of the employees contribution, up to 6% of annual compensation which is recorded as expense in the accompanying consolidated statements of loss as incurred. The Company's contributions are invested in common shares of the Company which are included in the calculation of loss per common share for the years presented. The pension expense for the nine months ended December 31, 2001 was $63,963 [year ended March 31, 2001 — $60,761; year ended March 31, — $87,104].

16. SEGMENTED INFORMATION

The Company's reportable business segments include the BTX Instrument Division and the Drug and Gene Delivery Division. The Company evaluates performance based on many factors including net results from operations before certain unallocated costs. While the Company allocates selling expenses to its reportable segments, it does not allocate interest income and expenses and general and administrative costs such as for corporate overhead to its reportable segments. In addition, total assets are not allocated to each segment.

The accounting policies of the segments are the same as those described in note 2.

Substantially all of the Company's assets and operations are located in the United States and predominantly all revenues are generated, based on the location of origin, in the United States.

	BTX Instrument Division $	Drug and Gene Delivery Division $	Reconciling Items $	Total $
Nine months ended December 31, 2001				
Reportable segment net sales	3,017,747	—	—	3,017,747
Other reportable segment revenue	—	110,650	—	110,650
Total revenue	3,017,747	110,650	—	3,128,397
Reportable segment cost of sales	(1,322,763)	—	—	(1,322,763)
Reportable segment research and development expenses	(246,624)	(2,078,421)	—	(2,325,045)
Reportable segment selling, general and administrative expenses	(928,080)	(383,952)	(4,616,470)	(5,928,502)
Interest income	—	—	98,865	98,865
Interest expense	—	—	(10,742)	(10,742)
Net income (loss)	520,280	(2,351,723)	(4,528,347)	(6,359,790)

	BTX Instrument Division $	Drug and Gene Delivery Division $	Reconciling Items $	Total $
Year ended March 31, 2001				

Reportable segment net sales	4,452,939	—	—	4,452,939
Other reportable segment revenue	—	4,291,189	—	4,291,189
Total revenue	4,452,939	4,291,189	—	8,744,128
Reportable segment cost of sales	(1,925,118)	—	—	(1,925,118)

	BTX Instrument Division $	Drug and Gene Delivery Division $	Reconciling Items $	Total $
Reportable segment research and development expenses	(625,819)	(5,145,955)	—	(5,771,774)
Reportable segment selling, general and administrative expenses	(1,231,099)	—	(5,392,229)	(6,623,328)
Foreign exchange loss	—	—	(66,453)	(66,453)
Interest income	—	—	443,629	443,629
Interest expense	—	—	(20,380)	(20,380)
Net income (loss) before cumulative effect of change in accounting policy	670,903	(854,766)	(5,035,433)	(5,219,296)
Cumulative effect of change in accounting policy	—	(3,647,059)	—	(3,647,059)
Net income (loss)	670,903	(4,501,825)	(5,035,433)	(8,866,355)

	BTX Instrument Division $	Drug and Gene Delivery Division $	Reconciling Items $	Total $
Year ended March 31, 2000				
Reportable segment net sales	3,827,537	306,899	—	4,134,436
Other reportable segment revenue	—	942,903	—	942,903
Total revenue	3,827,537	1,249,802	—	5,077,339
Reportable segment cost of sales	(1,781,972)	(241,927)	—	(2,023,899)
Reportable segment research and development expenses	(473,133)	(5,929,829)	—	(6,402,962)
Reportable segment selling, general and administrative expenses	(1,220,047)	—	(6,666,112)	(7,886,159)
Interest income	—	—	556,193	556,193
Interest expense	—	—	(24,342)	(24,342)
Net income (loss)	352,385	(4,921,954)	(6,134,261)	(10,703,830)

During the nine months ended December 31, 2001, 37% of the Company's net sales were from sales into non-U.S. countries [year ended March 31, 2001 — 35%; year ended March 31, 2000 — 30%].

Net sales of the Company by customer location were as follows:

	Nine months ended December 31 2001 $	Year ended March 31 2001 $	Year ended March 31 2000 $
United States	1,902,852	2,890,875	2,905,065
Australia	32,863	36,096	34,114
Canada	—	19,966	42,991
Europe	386,339	742,227	463,966
East Asia	612,052	683,379	621,670
Other	83,641	80,396	66,630
Total	3,017,747	4,452,939	4,134,436

17. RELATED PARTY TRANSACTIONS

[a] The payments to related parties include the following:

- legal services provided by a law firm where one of the partners is a director of the Company
- accounting and administration services provided by a company where the principal is a director of the Company
- rent and administration fees paid to a company where one of the principals was an officer of the Company's French subsidiary, as follows:

	Nine months ended December 31 2001 $	Year ended March 31 2001 $	Year ended March 31 2000 $
Legal services	272,034	239,225	161,042
Accounting and administration	588	28,780	29,055
Rent and administration	—	—	32,600

[b] Included in accounts payable and accrued expenses are the following amounts owed to the parties identified in note 17[a] which are payable under normal trade terms:

	At December 31 2001 $	At March 31, 2001 $
Legal services and accounting and administration	73,820	66,916

[c] Total expenses paid to the parties identified in note 17[a] and included in share issue costs were $106,585 [2001 — $95,263; 2000 — $129,300] for the nine months ended December 31, 2001. All transactions are recorded at their exchange amounts.

18. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	Nine months ended December 31 2001 $	Year ended March 31 2001 $	Year ended March 31 2000 $
Interest paid during the year	**10,742**	20,380	24,342

During the nine months ended December 31, 2001, the Company issued common shares pursuant to a consulting agreement [note 11] aggregating $ 55,000.

19. RECLASSIFICATION

Certain reclassifications have been made to the year ended March 31, 2001 and March 31, 2000 to conform to the December 31, 2001 presentation.

20. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA

The Company prepares its consolidated financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). In addition, the Company provides supplementary descriptions of significant differences between U.S. GAAP and those in Canada ("Canadian GAAP") as follows:

[a] Under Canadian GAAP, the Company grants stock options to executive officers, directors, employees and consultants pursuant to stock option plans as described in note 11. No compensation is recognized for these plans when common shares or stock options are issued. Any consideration received on exercise of stock options or the purchase of stock is credited to share capital. If common shares are repurchased, the excess or deficiency of the consideration paid over the carrying amount of the common shares canceled is charged or credited to additional paid in capital or retained earnings. Under U.S. GAAP, options granted to non-employees such as consultants are fair valued. In addition, options modified to accelerate vesting provisions are subject to remeasurement at the date of modification. Under Canadian GAAP, the

Company does not fair value options granted to non-employees or record expense for options subject to accelerated vesting.

[b] Under Canadian GAAP, the effect of the change in accounting principle described in note 4 is applied retroactively and all prior periods are restated.

[c] Under Canadian GAAP, short-term investments are carried at the lower of cost or market. Unrealized gains are not recognized in the financial statements.

The impact of significant variations between U.S. GAAP and Canadian GAAP on the Consolidated Statements of Loss are as follows:

	Nine months ended December 31, 2001 $	Year ended March 31, 2001 $	Year ended March 31, 2000 $
Loss for the period, U.S. GAAP	**(6,359,790)**	(8,866,355)	(10,703,830)
Adjustment for stock based compensation	**160,594**	226,000	1,103,888
Loss for the period, Canadian GAAP	**(6,199,196)**	(8,640,355)	(9,599,942)
Basic and diluted loss per common share, Canadian GAAP	**(0.18)**	(0.31)	(0.43)
Weighted average number of common shares	**33,759,404**	27,648,854	22,107,190

The impact of significant variations to Canadian GAAP on the Consolidated Balance Sheet items are as follows:

	December 31, 2001 $	March 31, 2001 $
Short-term investments	**—**	2,804,468
Additional paid in capital	**48,200,034**	48,195,415
Other accumulated comprehensive loss/ cumulative translation adjustment	**(102,238)**	(102,238)
Accumulated deficit	**(44,437,994)**	(38,238,798)

21. SUBSEQUENT EVENTS

In January 2002, the Company reduced the exercise price of 500,000 Agent's Compensation Warrants [note 11] from Cdn $1.35 to Cdn $1.10 and extended the expiration date to January 31, 2002. On January 16, 2002, the Company issued 500,000 common shares in respect of the exercise of these warrants for gross proceeds of Cdn $550,000 (US $337,506).

In January 2002, the Company extended the expiry date of 499,199 consultant stock options from January 15, 2002 to January 31, 2002 and reduced the exercise price from between Cdn $1.25 and Cdn $4.13 to Cdn $1.15. On January 21, 2002 the Company issued 499,199 common shares in respect of the exercise of these stock options for gross proceeds of Cdn $574,079 (US $361,287). As a result additional stock-based compensation was recorded in January 2002 of $39,936 at a fair value of $0.08 per option which was estimated by using the Black Scholes Pricing Model.

On February 28, 2002 the purchasers of 5,212,494 Special Warrants extended the date for obtaining approval for the Canadian Prospectus and the U.S. registration statement from February 28, 2002 to March 29, 2002.

EXHIBIT 10.22

SEPARATION AGREEMENT
AND GENERAL RELEASE OF ALL CLAIMS

This Separation Agreement and General Release of All Claims ("Agreement") is made by and between Genetronics, Inc. ("Company") and Terry Gibson ("Employee") with respect to the following facts:

A. Employee is currently employed by Company.

B. Company is restructuring and is eliminating Employee's position. Employee's employment will cease effective October 26, 2001 ("Separation Date"). Company wishes to reach an amicable separation with Employee and assist Employee's transition to other employment.

C. The parties desire to settle all claims and issues that have, or could have been raised, in relation to Employee's employment with Company and arising out of or in any way related to the acts, transactions or occurrences between Employee and Company to date, including, but not limited to, Employee's employment with Company or the termination of that employment, on the terms set forth below.

THEREFORE, in consideration of the promises and mutual agreements hereinafter set forth, it is agreed by and between the undersigned as follows:

1. Severance Payment and Benefits. Company agrees to pay Employee the equivalent of One Hundred Four Thousand, Nine Hundred Ninety-Nine Dollars and Ninety-Six Cents ($104,999.96), less all appropriate federal and state income and employment taxes ("Severance Payment"), a sum to which Employee is not otherwise entitled. The Severance Payment will be made in continuing payments every second Friday in accordance with the Company's normal payroll process until the Severance Payment has expired. Employee acknowledges and agrees that this Severance Payment constitutes adequate legal consideration for the promises and representations made by Employee in this Agreement. Additionally for the period of severance under this Agreement, Company shall pay the COBRA premium for Employee and one dependent as well as the life insurance premium under the Company's Group Life Insurance Policy. To the extent these payments create a taxable event for Employee, Employee shall be solely liable for such payment of such tax. No other benefits are offered under this Agreement.

2. General Release.

2.1 Employee unconditionally, irrevocably and absolutely releases and discharges Company, and any parent and subsidiary corporations, divisions and affiliated corporations, partnerships or other affiliated entities of Company, past and present, as well as Company's employees, officers, directors, agents, successors and assigns (collectively, "Released Parties"), from all claims related in any way to the transactions or occurrences between them to date, to the fullest extent permitted by law, including, but not limited to, Employee's employment with Company, the termination of Employee's employment, and all other losses, liabilities, claims, charges, demands and causes of action, known or unknown,

suspected or unsuspected, arising directly or indirectly out of or in any way connected with Employee's employment with Company. This release is intended to have the broadest possible application and includes, but is not limited to, any tort, contract, common law, constitutional or other statutory claims, including, but not limited to alleged violations of the California Labor Code or the federal Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964 and the California Fair Employment and Housing Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967, as amended, and all claims for attorneys' fees, costs and expenses.

2.2 Employee acknowledges that Employee may discover facts or law different from, or in addition to, the facts or law that Employee knows or believes to be true with respect to the claims released in this Agreement and agrees, nonetheless, that this Agreement and the release contained in it shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery of them.

2.3 Employee declares and represents that Employee intends this Agreement to be complete and not subject to any claim of mistake, and that the release herein expresses a full and complete release and, regardless of the adequacy or inadequacy of the consideration, Employee intends the release herein to be final and complete. Employee executes this release with the full knowledge that this release covers all possible claims against the Released Parties, to the fullest extent permitted by law.

2.4 Employee expressly waives Employee's right to recovery of any type, including damages or reinstatement, in any administrative or court action, whether state or federal, and whether brought by Employee or on Employee's behalf, related in any way to the matters released herein.

3. California Civil Code Section 1542 Waiver. Employee expressly acknowledges and agrees that all rights under Section 1542 of the California Civil Code are expressly waived. That section provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

4. Representation Concerning Filing of Legal Actions. Employee represents that, as of the date of this Agreement, Employee has not filed any lawsuits, charges, complaints, petitions, claims or other accusatory pleadings against Company or any of the other Released Parties in any court or with any governmental agency. Employee further agrees that, to the fullest extent permitted by law, Employee will not prosecute, nor allow to be prosecuted on Employee's behalf, in any administrative agency, whether state or federal, or in any court, whether state or federal, any claim or demand of any type related to the matters released above, it being the intention of the parties that with the execution of this release, the Released Parties will be absolutely, unconditionally and forever discharged of and from all obligations to or on behalf of Employee related in any way to the matters discharged herein.

5. No Admissions. By entering into this Agreement, the Released Parties make no admission that they have engaged, or are now engaging, in any unlawful conduct. The parties understand and acknowledge that this Agreement is not an admission of liability and shall not be used or construed as such in any legal or administrative proceeding.

6. Older Workers' Benefit Protection Act.

6.1 This Agreement is intended to satisfy the requirements of the Older Workers' Benefit Protection Act, 29 U.S.C. Section 626(f). Accordingly, Employee acknowledges and agrees that Employee has read and understands the terms of this Agreement; that this Agreement advises Employee in writing that Employee may consult with an attorney before executing this Agreement, if desired; that Employee has obtained and considered such legal counsel as Employee deems necessary; that Employee has been given forty-five (45) days to consider whether or not to enter into this Agreement (although Employee may elect not to use the full 45-day period at Employee's option); and that by signing this Agreement, Employee acknowledges that Employee does so freely, knowingly, and voluntarily. The Agreement shall not become effective or enforceable until the eighth day after Employee signs the Agreement ("Effective Date"). In other words, the Employee may revoke acceptance of this Agreement within seven (7) days after signing it. The Employee's revocation must be in writing and received by Ken Dix, Vice President, Legal Affairs, by 5:00 p.m. Pacific Standard Time on the seventh day in order to be effective. The Severance Payment will become due and payable after the Effective Date in accordance with Paragraph 1, provided the Agreement has not been revoked. This Agreement does not waive or release any rights or claims that Employee may have under the Age Discrimination in Employment Act that arise after the execution of this Agreement.

6.2 Employee further acknowledges that Employee has been advised of the following information:

(i) All Employees whose positions are being eliminated pursuant to the reduction in force on October 26, 2001 are eligible for severance pay;

(ii) All such Employees age 40 or over will have forty-five (45) days within which to consider whether to accept the Separation Agreement;

(iii) All Employees under age 40 will have seven (7) days within which to consider whether to accept the Separation Agreement;

(iv) The job titles and ages of all Employees eligible for this program are listed in part A to Exhibit 1 of this Agreement;

(v) Employees in the same job classification or organizational unit as Employee who are not eligible for this program are listed in part B to Exhibit 1 of this Agreement.

7. Severability. In the event any provision of this Agreement shall be found unenforceable by an arbitrator or a court of competent jurisdiction, the provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that Company shall receive the benefits contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator

or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

8. Applicable Law. The validity, interpretation and performance of this Agreement shall be construed and interpreted according to the laws of the United States of America and the State of California.

9. Binding on Successors. The parties agree that this Agreement shall be binding on, and inure to the benefit of, Employee or its successors, heirs and/or assigns.

10. Full Defense. This Agreement may be pled as a full and complete defense to, and may be used as a basis for an injunction against, any action, suit or other proceeding that may be prosecuted, instituted or attempted by Employee in breach hereof. Employee agrees that in the event an action or proceeding is instituted by the Released Parties in order to enforce the terms or provisions of this Agreement, the Released Parties shall be entitled to an award of reasonable costs and attorneys' fees incurred in connection with enforcing this Agreement.

11. Good Faith. The parties agree to do all things necessary and to execute all further documents necessary and appropriate to carry out and effectuate the terms and purposes of this Agreement.

12. Entire Agreement; Modification. This Agreement is intended to be the entire agreement between the parties and supersedes and cancels any and all other and prior agreements, written or oral, between the parties regarding this subject matter. It is agreed that there are no collateral agreements or representations, written or oral, regarding the terms and conditions of Employee's separation of employment with Company and settlement of all claims between the parties other than those set forth in this Agreement. This Agreement may be amended only by a written instrument executed by all parties hereto.

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

Dated: November 1, 2001

By: /s/ Terry Gibson

Terry Gibson

Genetronics, Inc.

Dated: November 7, 2001

By: /s/ Avtar H. Dillon

Avtar H. Dhillon, M.D.
President & CEO

EXHIBIT 1

The Older Workers' Benefit Protection Act requires that Genetronics, Inc., provide the following information to you:

A. Individuals Selected for the October 26, 2001 Reduction in Force by Job Title and Age:

JOB TITLE	AGE
COO	60
CFO	57
Director, HR	40
Director, Marketing	49
Network Administrator	34
Receptionist	59
Mechanical Engineer	30
Principal Manuf. Engineer	49
Creative Art Designer	50
Technical Services Engineer	60
Safety Officer	31
QA Administrator	33
Marketing Admin Specialist	33
Customer Service Rep	39
Admin Sales Assist	27
Document Control Coord	47

B. Individuals Not Selected for the October 26, 2001 Reduction in Force (Within Same Job Classification or Organizational Units) by Job Title and Age:

JOB TITLE	AGE
CEO	40
Controller	38
Dept. Assist. HR	42
IT Manager	27
Mechanical Engineer	26
QA Tech	44
QA Tech	44
Admin Assist	55

EXHIBIT 10.23

GENETRONICS BIOMEDICAL CORPORATION PRIVATE PLACEMENT AGENCY AGREEMENT

THIS AGREEMENT dated for reference November 1, 2001, is made

BETWEEN

GENETRONICS BIOMEDICAL CORPORATION, a corporation incorporated under the laws of the State of Delaware, having an office at 11199 Sorrento Valley Road, San Diego, California 92121

(the "Issuer");

AND

CANACCORD CAPITAL CORPORATION, of 2200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1H2

(the "Agent").

WHEREAS:

A. The Issuer wishes to privately place with purchasers an aggregate of 5,212,494 Special Warrants;

B. The Issuer wishes to appoint the Agent to act as agent in the sale of the Special Warrants, and the Agent is willing to accept such appointment on the terms and conditions of this Agreement;

THE PARTIES to this Agreement therefore agree:

1. DEFINITIONS

In this Agreement and the Recitals hereto:

(a) "Administration Fee" has the meaning defined in Subsection 6.7(b);

(b) "Agent's Fee" has the meaning defined in Section 6

(c) "Agent's Series "A" Special Warrants" means the special warrants issued to Canaccord Europe as the Corporate Finance Fee and as further described in Section 6;

(d) "Agent's Series "B" Special Warrants" means the special warrants issued to the Agent as part of the Agent's Fee and as further described in Section 6;

(e) "Agent's Shares" means the common shares of the Issuer issued to Canaccord Europe upon exercise or deemed exercise of the Agent's Series "A" Special Warrants;

(f) "Agent's Special Warrants" means the Agent's Series "A" Special Warrants and the Agent's Series "B" Special Warrants;

(g) "Agent's Warrants" means the share purchase warrants issued to the Agent upon exercise of the Agent's Series "B" Special Warrants;

(h) "Agent's Warrant Shares" means the common shares of the Issuer issued to the Agent upon the exercise of the Agent's Warrants;

(i) "Applicable Legislation" means the U.S. Securities Act and the securities legislation of those Canadian provinces where the Securities are offered and sold which may include one or more of the Securities Act (Alberta), the Securities Act (B.C.), and the Securities Act (Ontario), together with the regulations and rules made and promulgated thereunder and all administrative policy statements, blanket orders and rulings, notices, and other administrative directions issued by the Commissions;

(j) "Canaccord Europe" means Canaccord Capital (Europe) Limited, a subsidiary of the Agent;

(k) "Closing" means the day that the Special Warrants are issued to Purchasers;

(l) "Commissions" means the Alberta Securities Commission, the B.C. Securities Commission, and the Ontario Securities Commission, as applicable, and the SEC;

(m) "Corporate Finance Fee" means the corporate finance fee granted to the Agent in accordance with Subsection 6.2;

(n) "Escrowed Funds" has the meaning defined in Section 3;

(o) "Exchanges" means the Toronto Stock Exchange and the American Stock Exchange;

(p) "Exchange Act" means the United States Securities Exchange Act of 1934, as amended;

(q) "Exchange Policies" means the rules and policies of the Exchanges;

(r) "Exemptions" means the statutory exemptions whereby the distribution of the Special Warrants may be effected without the requirement of compliance with the prospectus or registration requirements of the Applicable Legislation and without delivery of an offering memorandum:

(i) with residents of Alberta, British Columbia and Ontario, as applicable, where the distribution takes place in accordance with sections 65(1)(e) and 107(1)(d) of the Securities Act (Alberta), sections 45(1)(5) and 74(2)(4) of the Securities Act (B.C.) and sections 35(1)(5) and 72(1)(d) of the Securities Act (Ontario);

(ii) with non-residents of Canada where reasonable steps are taken by the Issuer and the Agent to ensure that the Special Warrants and the Shares, Warrants and Warrant Shares issuable on conversion of the Special Warrants or exercise of the Warrants, as the case may be, come to rest outside of Canada in accordance with the Interpretation Note to former Ontario Securities Commission Policy 1.5 and British Columbia Securities Commission Instrument 72-503; and

(iii) where the distribution takes place in accordance with Regulation D or another applicable exemption from registration under the U.S. Securities Act;

(s) "Filing Deadline" means the day the subscription forms and other documentation in connection with the Private Placement is required to be filed with the Exchanges, or any extension thereof;

(t) "General Solicitation" and "General Advertising" mean "general solicitation" and "general advertising", respectively, as used in Rule 502(c) under Regulation D;

(u) "Material Change" has the meaning defined in the Securities Act (Ontario);

(v) "Material Fact" has the meaning defined in the Securities Act (Ontario);

(w) "Misrepresentation" has the meaning defined in the Securities Act (Ontario);

(x) "Monthly Agent's Fee" has the meaning defined in Subsection 6.7(a);

(y) "Private Placement" means the offering of the Securities on the terms and conditions of this Agreement;

(z) "Prospectus" means a preliminary and final prospectus, including any amendments made thereto, filed with the Alberta, B.C. and Ontario Securities Commissions, as applicable, and for which a final receipt is issued by the Alberta, B.C. and Ontario Securities Commissions, as applicable;

(aa) "Public Record" means all documents filed by the Issuer with the Commissions pursuant to the prospectus, continuous disclosure and proxy solicitation requirements of the Applicable Legislation, including without limitation all press releases, material change reports, annual reports, prospectuses and financial statements;

(bb) "Purchaser" means a purchaser of the Special Warrants, and may include the Agent in accordance with the terms of this Agreement;

(cc) "Qualification Date" means the later of the day on which final receipt for a Prospectus is issued by the Alberta, B.C. and Ontario Securities Commissions and the day on which the Registration Statement is declared effective by the SEC;

(dd) "Qualification Deadline" means the the close of business on that day which is the first business day 90 days immediately following the Closing;

(ee) "Registrable Securities" means the Shares, the Warrant Shares, the Agent's Shares and the Agent's Warrant Shares;

(ff) "Registration Expenses" shall mean all expenses incurred by the Issuer in complying with Section 12A, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of legal counsel for the Issuer, fees and disbursements of one special legal counsel for the selling shareholders with respect to the Registration Statement, exchange listing fees, NASD fees, blue sky fees and expenses, and the expense of any financial audits incident to or required by any such registration (but excluding the compensation of regular employees of the Issuer, which shall be paid in any event by the Issuer);

(gg) "Registration Statement" means the registration statement on Form S-3, or such other form as may be available to the Issuer, to be filed with the SEC and which is declared effective in connection with the registration of the Registrable Securities pursuant to Section 12A;

(hh) "Regulation D" means Regulation D promulgated under the U.S. Securities Act;

(ii) "Regulatory Authorities" means the Commissions and the Exchanges;

(jj) "SEC" means the United States Securities and Exchange Commission and any successor federal agency having similar powers;

(kk) "Securities" means the Special Warrants, the Shares, the Warrants and the Warrant Shares, the Agent's Series "A" Special Warrants, the Agent's Series "B" Special Warrants, the Agent's Shares, the Agent's Warrants and the Agent's Warrant Shares;

(ll) "Securities Act (Alberta) means Securities Act, R.S.A. 1981, c. S-6.1, as amended;

(mm) "Securities Act (B.C.)" means Securities Act, R.S.B.C. 1996, c. 418, as amended

(nn) "Securities Act (Ontario)" means the Securities Act, R.S.O. 1990, c. S.5, as amended;

(oo) "Selling Jurisdictions" means the jurisdictions where the Securities are offered and sold, and may include one or more of the United States, Alberta, British Columbia, and Ontario and certain offshore jurisdictions outside of Canada and the United States;

(pp) "Shares" means previously unissued common shares in the capital of the Issuer, as presently constituted, to be issued upon the exercise or deemed exercise of the Special Warrants;

(qq) "Special Warrant Certificates" means the certificates representing the Special Warrants;

(rr) "Special Warrants" means the special warrants of the Issuer subscribed for and issued to the Purchasers under the Private Placement;

(ss) "Subsidiary" means Genetronics, Inc.;

(tt) "Trustee" has the meaning set out in Subsection 3.1;

(uu) "USD" means United States dollars;

(vv) "U.S. Securities Act" means the United States Securities Act of 1933, as amended;

(ww) "Warrants" means the share purchase warrants of the Issuer issued to Purchasers upon the exercise or deemed exercise of the Special Warrants; and

(xx) "Warrant Shares" means the common shares of the Issuer issued to Purchasers upon the exercise of the Warrants.

2. PURCHASE OF SPECIAL WARRANTS

Subject to the terms and conditions of this Agreement, the Agent agrees to offer on behalf of the Issuer, and the Issuer agrees to issue and sell to the Purchasers 5,212,494 Special Warrants for a consideration of USD 2,345,622.30 (USD 0.45 per Special Warrant). In the event that less than all such Special Warrants are sold to Purchasers, the Agent will purchase the remainder.

3. ESCROWED FUNDS

3.1 On Closing, 20% of the gross proceeds received from the sale of the Special Warrants will be placed into escrow (the "Escrowed Funds") with the transfer agent of the Issuer, or an alternate trustee as reasonably agreed between the Issuer and the Agent (the "Trustee"), in accordance with the terms of a trust indenture to be entered into between the Issuer and the Trustee, satisfactory in form and substance to the Agent.

3.2 The Escrowed Funds will be released by the Trustee from escrow and paid as follows:

(a) to the Issuer on the Qualification Date if such date occurs prior to the Qualification Deadline; or

(b) subject to Subsection 4.2(d), to holders of Special Warrants on the first business day following the Qualification Deadline if the Qualification Date has not occurred.

4. THE SPECIAL WARRANTS

4.1 The Special Warrant Certificates will be satisfactory in form and substance to the Agent.

4.2 The Issuer covenants with the Agent, and the Special Warrant Certificates will provide, among other things, that:

(a) the Special Warrants will be issued and registered in the names of the Purchasers or their nominees;

(b) each Special Warrant will entitle the holder to acquire one Share and one-half of a Warrant, without payment of further consideration, on the exercise or deemed exercise of the Special Warrant;

(c) each Special Warrant may be exercised by the holder in whole or in part at any time after the Closing and all unexercised Special Warrants will be deemed to be exercised on that day which is the earlier of:

(i) one year from the Closing; and

(ii) the fifth business day after the Qualification Date;

(d) if the Qualification Date does not occur by the Qualification Deadline and if the holder of the Special Warrant has provided to the Issuer all of the information required of the holder by the Issuer, within a reasonable time period of the Issuer's request, to permit the Issuer to file the Registration Statement, then the Escrowed Funds will be repaid to the holder of the Special Warrant on a pro rata basis;

(e) upon exercise or deemed exercise, the Special Warrants will be automatically cancelled and will have no further force or effect;

(f) subject to the Applicable Legislation and the Exchange Policies, the Special Warrants will not be transferable, except by the Agent in accordance with the terms of the subscription agreement entered into between the Issuer and the Agent;

(g) there will be an appropriate adjustment in the class and number of Shares issued upon exercise or deemed exercise of the Special Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Issuer's common shares, the payment of stock dividends and the merger of the Issuer; and

(h) the Issuer will use its best efforts to remain a "reporting issuer" in British Columbia and Ontario, not in default of Applicable Legislation therein, for one year from the date of the Closing.

4.3 The issuance of the Special Warrants will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights prior to the exercise or deemed exercise of the Special Warrants.

5. THE WARRANTS

5.1 The Warrants will be issued and registered in the name of the Purchasers or the nominee in whose name the Special Warrants were issued.

5.2 The right to purchase a Warrant Share under a Warrant may be exercised at any time until the close of business on the day which is 18 months from the applicable Closing.

5.3 One whole Warrant will entitle the holder, on exercise, to purchase one Warrant Share at a price of USD 0.75 per Warrant Share.

5.4 The Warrants will be non-transferable, except by the Agent in accordance with the Applicable Legislation and the Exchange Policies.

5.5 The certificates representing the Special Warrants will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Warrant Shares issued upon exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Issuer's common shares, the payment of stock dividends and the merger of the Issuer.

5.6 The issue of the Warrants will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights, during the period within which the Warrants may be exercised.

6. AGENT'S FEE

6.1 In consideration of the services performed by the Agent under this Agreement, the Issuer agrees to pay to the Agent an Agent's Fee consisting of the following:

(a) a cash payment equal to 7.5% of the gross proceeds received by the Issuer from the sale of the Special Warrants on the Closing, payable in lawful money of the United States; and

(b) that number of Agent's Series "B" Special Warrants equal to 10% of the number of Special Warrants sold at the Closing.

6.2 The Issuer will also pay to Canaccord Europe on the Closing a corporate finance fee consisting of 100,000 Agent's Series "A" Special Warrants.

6.3 Each Agent's Series "A" Special Warrant will be convertible into one Agent's Share for no additional consideration.

6.4 Each Agent's Series "B" Special Warrant will be convertible into one Agent's Warrant which will entitle the Agent to purchase one Agent's Warrant Share at USD 0.45, for a period of 18 months from the applicable Closing.

6.5 Except as set out in Subsections 6.3 and 6.4, the Agent's Series "A" Special Warrants and the Agent's Series "B" Special Warrants will have the same terms as the Special Warrants as set out in Sections 4.2(c), (e), (f) and (g).

6.6 The Agent acknowledges that the certificates representing the Agent's Series "A" Special Warrants, the Agent's Series "B" Special Warrants, the Agent's Shares and the Agent's Warrants will be endorsed with only the following legends

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A HOLD PERIOD AND MAY NOT BE TRADED IN BRITISH COLUMBIA UNTIL 12:01
A.M. ON [DATE FOUR MONTHS AND ONE DAY FROM CLOSING], IN ONTARIO UNTIL 12:01 A.M. ON [IN THE CASE OF THE SPECIAL WARRANTS AND WARRANTS, DATE 18 MONTHS AND ONE DAY FROM CLOSING AND, IN THE CASE OF THE UNDERLYING SHARES, DATE ONE YEAR AND ONE DAY FROM CLOSING], OR IN ALBERTA UNTIL 12:01 A.M. ON THE DATE THAT IS TWELVE MONTHS FROM THE DATE THE ISSUER BECOMES A "REPORTING ISSUER" IN ALBERTA EXCEPT AS PERMITTED BY THE TORONTO STOCK EXCHANGE AND THE APPLICABLE SECURITIES LEGISLATION IN THOSE JURISDICTIONS.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT

CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

6.7 As part of the Agent's Fee set out above, the Issuer will also pay the following:

(a) to Canaccord Europe, USD 5,000 per month for twelve months following the Closing (the "Monthly Agent's Fee"), payable in advance on a quarterly basis, the first payment to be made at Closing and then on the first business day that falls every three months from the Closing; and

(b) to the Agent, CAD 5,000 as an administration fee (the "Administration Fee"), to be paid at the Closing.

7. OFFERING RESTRICTIONS

7.1 The Agent, acting on behalf of the Issuer, will sell the Special Warrants only to persons who represent themselves as being persons:

(a) resident in Alberta, British Columbia, Ontario, jurisdictions outside of Canada where the Special Warrants may lawfully be offered for sale, or in the United States;

(b) who are purchasing as principal, or are deemed by law or discretionary order to be purchasing as principal;

(c) who are qualified to purchase the Special Warrants under the Exemptions, as applicable; and

(d) who are an "Accredited Investor" as such term is defined in Rule 501 under the U.S. Securities Act as indicated by the completion of the Certification for Securities Law Compliance attached hereto as part of Schedule "A".

7.2 The Agent, acting on behalf of the Issuer, will sell the Special Warrants only in those of the Selling Jurisdictions where it is licensed to sell such securities or is exempt from licensing or through sub-agents who are licensed to sell such securities in the Selling Jurisdictions.

7.3 The Private Placement has not been and will not be advertised in any way.

7.4 No selling or promotional expenses will be paid or incurred in connection with the Private Placement, except for professional services or for services performed by a registered dealer.

7.5 Before each Closing, the Issuer and the Agent will take all reasonable steps necessary to ensure compliance with the Exemptions.

7.6 The Agent will comply with all applicable laws of the jurisdictions in which it assists in soliciting or procuring subscriptions for the Special Warrants and will not assist in soliciting or procuring subscriptions for Special Warrants so as to require the registration thereof or the filing of a prospectus with respect thereto under the laws of any jurisdiction.

7.7 Until the Prospectus and the Registration Statement are filed, neither the Agent nor the Issuer will take any action (a) for the purpose of preparing the market or creating a demand in Canada or the United States for any of the Securities or (b) that could be reasonably expected to prepare the market or create a demand in Canada or the United States for any of the Securities.

8. SUBSCRIPTIONS

8.1 The Agent will use its commercially reasonable efforts to obtain from each Purchaser, and deliver to the Issuer, on or before the Filing Deadline duly completed and signed subscriptions in one of the forms attached as Schedule "A" or in such other form consented to by the Issuer and the Agent and executed by the Purchaser.

8.2 The Issuer will accept each properly completed subscription agreement tendered by the Agent, unless:

(a) the subscriber thereunder would, by virtue of the issue of the shares subscribed for, become a "control person" of the Issuer, within the meaning of the Applicable Legislation; or

(b) the subscription would be prohibited by the Applicable Legislation.

9. FILINGS WITH THE REGULATORY AUTHORITIES

9.1 The Issuer will forthwith provide the Exchanges written notice of the terms of this Agreement and the proposed Private Placement and all other information required by the Exchange Policies (the "Notice").

9.2 The Issuer will forthwith provide the Agent and its solicitor with a copy of the Notice, and, forthwith on receipt, a copy of the Toronto Stock Exchange's conditional approval of the listing on the Toronto Stock Exchange of the Shares, the Warrant Shares, the Agent's Shares and the Agent's Warrant Shares to be issued on the conversion of the Special Warrants, Agent's Series "A" Special Warrants, or Agent's Series "B" Special Warrants, or upon exercise of the Warrants or Agent's Warrants, as the case may be.

9.3 After the Closing, the Issuer will file all required documents with, and pay all required filing fees of the Exchanges or the Commissions, as the case may be, and take all other actions required by the Exchange Policies or by the Applicable Legislation to fulfil all conditions upon listing imposed by the Exchanges, or to comply with the Exemptions, with all possible dispatch.

10. CLOSING

10.1 In this Section:

(a) "Certificates" means the Special Warrant Certificates;

(b) "Proceeds" means the gross proceeds of the sale of Special

Warrants on the Closing, less:

(i) the Escrowed Funds;

(ii) that portion of the Agent's Fee payable in cash, including the first payment of the Monthly Agent's Fee and the Administration Fee,;

(iii) the expenses of the Agent in connection with the Private Placement which have not been paid by the Issuer and which are provided for in this Agreement;

(iv) any amount which has been attached by garnishing order or other form of attachment; and

(v) any amount paid directly to the Issuer by Purchasers in connection with the Private Placement; and

(c) "Agent's Certificates" means certificates representing the Agent's Series "A" Special Warrants and Agent's Series "B" Special Warrants to be issued at the Closing, as applicable.

10.2 The Closing will take place on Friday, November 23rd, 2001, or on such other date as reasonably agreed between the Issuer and the Agent.

10.3 The Issuer will, on the Closing, issue and deliver the Certificates and Agent's Certificates to the Agent or Canaccord Europe, as applicable, or at the Agent's request, will deliver the Certificates to the Purchasers, against payment of the Proceeds.

10.4 If instructed to deliver the Certificates to the Purchasers as set out in Subsection 10.3 above, the Issuer will make all necessary arrangements for the exchange of the certificates representing the Special Warrants that were to be delivered to the Agent on the delivery date for certificates representing such number of the Special Warrants registered in such names of the Purchasers as the Agent may designate not less than 48 hours prior to the Closing.

10.5 The Certificates will contain no legends other than the following:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A HOLD PERIOD AND MAY NOT BE TRADED IN BRITISH COLUMBIA UNTIL 12:01 A.M. ON [DATE SIX MONTHS AND ONE DAY FROM CLOSING, IN ONTARIO UNTIL 12:01 A.M. ON [IN THE CASE OF THE SPECIAL WARRANTS AND WARRANTS, DATE 18 MONTHS AND ONE DAY FROM CLOSING AND, IN THE CASE OF THE UNDERLYING SHARES, DATE ONE YEAR AND ONE DAY FROM CLOSING], OR IN ALBERTA UNTIL 12:01 A.M. ON THE DATE THAT IS TWELVE MONTHS FROM THE DATE THE ISSUER BECOMES A "REPORTING ISSUER" IN ALBERTA, EXCEPT AS PERMITTED BY THE TORONTO STOCK EXCHANGE AND THE APPLICABLE SECURITIES LEGISLATION IN THOSE JURISDICTIONS.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT

PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

10.6 The Agent will deliver the Escrowed Funds to the Trustee at Closing.

10.7 The Agent will also, on the Closing, deliver to the Issuer an "all sold" certificate certifying that it has not, to the best of its knowledge,

sold the Securities to residents of Alberta, British Columbia or Ontario, as applicable, except in strict compliance with, in the case of residents of Alberta, sections 65(1)(e) and 107(1)(d) of the Securities Act (Alberta), in the case of residents of British Columbia, sections 45(1)(5) and 74 (2)(4) of the Securities Act (B.C.) and, in the case of residents of Ontario, sections 35(1)(5) and 72(1)(d) of the Securities Act (Ontario).

10.8 Promptly after the Closing, the Issuer will submit to the SEC and applicable state securities regulatory authorities any and all filings necessary to make claims of exemption from registration under applicable United States federal and state securities laws, as applicable, and will deliver copies of such filings to the Agent and its solicitors.

11. CONDITIONS OF CLOSING

11.1 The obligations of the Agent on the Closing will be conditional upon the following:

(a) the Issuer having taken all necessary corporate action to be able to validly create, issue and sell the Securities to be issued at that Closing and all underlying Shares, Agent's Shares, Warrants, Warrant Shares, Agent's Warrants and Agent's Warrant Shares to be issued pursuant to those Securities;

(b) the Issuer having made all necessary filings, if any, and obtained all necessary approvals, if any, in Alberta, British Columbia, Ontario and the United States, as applicable, required before such Closing in order to issue and sell the Special Warrants to the Purchasers and to ensure that such issuance and sale will not be subject to the registration and prospectus requirements of the Applicable Legislation;

(c) the Issuer's outstanding common shares being listed and posted for trading on the Exchanges;

(d) the Exchanges having confirmed that the Shares and Agent's Shares to be issued upon the conversion of the Special Warrants and Agent's Series "A" Special Warrants, as the case may be, and the Warrant Shares and Agent's Warrant Shares to be issued upon exercise of the Warrants and Agent's Warrants, as the case may be, will be listed on the Exchanges subject in each case only to conditions which by their nature may only be fulfilled after the Closing;

(e) the Agent being satisfied, in its sole discretion, with the results of its investigation of the business and affairs of the Issuer;

(f) the Issuer having delivered to the Agent and its solicitors at that Closing and each previous Closing (if any) favourable opinions of the Issuer's solicitors dated as of the date of the Closing, as to all legal matters reasonably requested by the Agent relating to the incorporation of the Issuer and its Subsidiary, their respective businesses and the creation, issuance and sale of the Securities, satisfactory in form and substance to the Agent;

(g) the Issuer having delivered to the Agent and its solicitors at that Closing and each previous Closing (if any) such certificates of its officers and other documents relating to the Private Placement or the affairs of the Issuer as the Agent or its solicitors may reasonably request, satisfactory in form and substance to the Agent;

(h) each representation and warranty of the Issuer herein being true, and the Issuer having performed or complied with all of its covenants, agreements and obligations hereunder;

(i) receipt of all required regulatory approval for or acceptance of the Private Placement; and

(j) the removal or partial revocation of any cease trading order or trading suspension made by any competent authority to the extent necessary to complete the Private Placement.

11.2 The conditions set out in Subsection 11.1 are for the sole benefit of the Agent and may be waived by the Agent in whole or in part.

12. MATERIAL CHANGES

12.1 If, between the date of this Agreement and the Closing or the Qualification Date, a Material Change, or a change in a Material Fact occurs, the Issuer will:

(a) as soon as practicable notify the Agent in writing, setting forth the particulars of such change;

(b) as soon as practicable, issue and file with the Regulatory Authorities a press release that is authorised by a senior officer disclosing the nature and substance of the change;

(c) as soon as practicable file with the Commissions the report required by Applicable Legislation and in any event no later than 10 days after the date on which the change occurs; and

(d) provide copies of that press release, when issued, and that report, when filed, to the Agent and its solicitors.

12.2 If the Issuer is uncertain as to whether there has been a Material Change, or a change in a Material Fact, it will promptly provide the Agent with full particulars of the event giving rise to the uncertainty, and will consult with the Agent as to whether such event constitutes a Material Change, or a change in a Material Fact.

12A. PROSPECTUS AND REGISTRATION STATEMENT

12A.1 The Issuer will use its commercially reasonable efforts to have the Qualification Date occur on or before the Qualification Deadline. If the Qualification Date does not occur by the Qualification Deadline, then the Issuer will continue to use its commercially reasonable efforts to have the Qualification Date occur no later than one year after the Closing.

12A.2 As soon as possible after Closing, the Issuer will file a Prospectus with the Securities Commissions of the Selling Jurisdictions in Canada, for the purpose of qualifying the distribution of the Shares and Warrants issuable upon exercise of the Special Warrants and, subject to Ontario securities law, the Agent's Shares and Agent's Warrants issuable upon exercise of the Agent's Special Warrants in accordance with the Applicable Legislation, and will use its commercially reasonable efforts to obtain a final receipt therefor from the Securities Commissions of the Selling Jurisdictions in Canada. Subject to the timely receipt of information reasonably requested from the Purchasers in connection with a Registration Statement, as soon as possible after Closing, but in any event no more than 45 days after the Closing, the Issuer will file the Registration Statement with the SEC for the purpose of qualifying the resale of the Shares, the Warrant Shares, the Agent's Shares and the Agent's Warrant Shares in accordance with the U.S. Securities Act and will use its commercially reasonable efforts to have the Registration Statement declared effective by the SEC.

12A.3 The Issuer agrees to keep the Registration Statement continuously effective for two years from the Closing or until the distribution described in the Registration Statement has been completed, whichever period is shorter.

12A.4 The form and substance of the Prospectus and the Registration Statement will be satisfactory to the Issuer and its solicitors and the Agent and its solicitors, acting reasonably.

12A.5 The Issuer will permit the Agent and its solicitor to participate in the preparation of the Prospectus and Registration Statement, to discuss the Issuer's business with its corporate officials and auditors and to conduct such full and comprehensive review and investigation of the Issuer's business, affairs, capital and operations as the Agent and its solicitor reasonably consider to be necessary to establish a due diligence defence under the Applicable Legislation to an action for misrepresentation or damages and to enable the Agent to responsibly execute the Agent's certificate in the Prospectus.

12B. PROSPECTUS

12B.1 The Prospectus will contain a contractual right of rescission in accordance with Applicable Legislation granted by the Issuer to the Purchasers for misrepresentations concerning the Issuer in the Prospectus.

12B.2 If (a) the Agent and its solicitor, acting reasonably, are satisfied that the Prospectus contains full, true and plain disclosure of all Material Facts relating to the Issuer, its subsidiaries, if any, and the Securities, and (b) the Issuer has delivered to the Agent the documents described in this Section to be delivered on the date of the final Prospectus, then the Agent will make all necessary arrangements to execute the Agent's certificate in the final Prospectus.

12B.3 On the date of the final Prospectus, the Issuer will deliver the following documents to the Agent and its solicitor, each of which will be in a form and substance satisfactory to the Agent and its solicitor:

(a) an opinion of the auditors of the Issuer, dated as of the date of the final Prospectus and addressed to the Agent, relating to the accuracy of the financial statements included in the Prospectus and verification of the accuracy of the financial, numerical and certain other information disclosed in the Prospectus;

(b) a certificate of the Issuer issued to the Agent and its solicitor, dated as of the date of the final Prospectus and executed by the President of the Issuer or by another officer approved by the Agent, certifying certain facts relating to the Issuer and its affairs; and

(c) any other certificates, comfort letters or opinions in connection with any matter related to the Prospectus which are reasonably requested by the Agent or its solicitor.

12B.4 On the Qualification Date, the Issuer will deliver the following documents to the Agent and its solicitor, each of which will be in a form and substance satisfactory to the Agent and its solicitor:

(a) an opinion of counsel of the Issuer, dated as of the Qualification Date and addressed to the Agent and its solicitor, relating to any legal matters in connection with the Issuer and the distribution under the Prospectus for which the Agent or its solicitor may reasonably request an opinion; and

(b) any other certificates, comfort letters or opinions in connection with any matter related to the Prospectus which are reasonably requested by the Agent or its solicitor.

12B.5 The Issuer will furnish to the Agent such number of commercial copies of the Prospectus and each amendment and supplement thereto and such other relevant documents as the Agent may reasonably request.

12B.6 When the Securities Commissions of the Selling Jurisdictions in Canada have each issued a receipt for the final Prospectus, and the Issuer has delivered to the Agent copies of such receipt and all documents required to be delivered to the Agent on the date of the final Prospectus and the Qualification Date, the Agent will deliver, or cause to be delivered, one copy of the Prospectus to each Special Warrant holder.

12C. REGISTRATION STATEMENT

12C.1 The Issuer will use its commercially reasonable efforts to effect the registration and sale of the Registrable Securities in accordance with such reasonable methods of disposition as may be specified in writing by the shareholders participating therein. Without limiting the foregoing, the Issuer in each such case will, as expeditiously as is commercially reasonable:

(a) prepare and file with the SEC the Registration Statement to effect such registration (including such audited financial statements as may be required by the U.S. Securities Act or the rules and regulations promulgated thereunder) and use its commercially reasonable efforts to cause such registration statement to become effective, and cause the Registration Statement and the related prospectus and any amendment or supplement thereto, as of the effective date of the Registration Statement, or such amendment or supplement (A) to comply in all material respects with the applicable requirements of the U.S. Securities Act and the rules and regulations of the SEC promulgated under the U.S. Securities Act and (B) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of all the facts and circumstances not misleading;

(b) promptly prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective and to comply with the provisions of the U.S. Securities Act with respect to the disposition of all Registrable Securities covered by the Registration Statement until the earlier of such time as all such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the selling shareholder or shareholders thereof set forth in the Registration Statement or a date calculated as described in Subsection 12A.3;

(c) furnish to each selling shareholder one conformed copy of the Registration Statement and of each such amendment and supplement thereto (in each case including all exhibits) and one copy of each document incorporated by reference therein and such number of copies of the prospectus included in the Registration Statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 promulgated under the U.S. Securities Act relating to such

seller's Registrable Securities, and such other documents as such seller may reasonably request to facilitate the disposition of its Registrable Securities;

(d) use its commercially reasonable efforts to register or qualify all Registrable Securities and other securities covered by the Registration Statement under such securities or Blue Sky laws of the states of the United States as each selling shareholder shall reasonably request, to keep such registration or qualification in effect for so long as the Registration Statement remains in effect (subject to the limitations in this Section) except that the Issuer shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction in which it is not and would not, but for the requirements of this Section, be obligated to be so qualified, or to subject itself to taxation in any such jurisdiction, or to consent to general service of process in any such jurisdiction;

(e) immediately notify the selling shareholder, at any time when a prospectus or prospectus supplement relating thereto is required to be delivered under the U.S. Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, which untrue statement or omission requires amendment of the Registration Statement or supplementation of the prospectus, and promptly thereafter prepare and furnish to such selling shareholder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the facts and circumstances then existing;

(f) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC;

(g) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the Registration Statement from and after a date not later than the effective date of the Registration Statement and cause all such Registrable Securities to be listed on such national securities exchange or automated system on which the class of Registrable Securities is then listed; and

(h) pay all Registration Expenses in connection with the registration of the Registrable Securities.

12C.2 In connection with any registration or qualification of the Registrable Securities under this Agreement (i) the Issuer shall indemnify and hold harmless the shareholder, including but not limited to each person or entity, if any, who controls the shareholder within the meaning of section 15 of the U.S. Securities Act, against all losses, claims, damages, liabilities and expenses (including but not limited to reasonable expenses incurred in investigating, preparing and defending against any claim) to which the shareholder or such controlling person may become subject under the U.S. Securities Act, the Exchange Act or otherwise, insofar as the same arise out of or are based upon or are caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or prospectus (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) furnished pursuant to this Agreement or insofar as the same arise out of, are based upon or are caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are ultimately determined to have arisen out of or were based upon or were caused by any untrue statement or alleged untrue statement or omission or alleged omission based upon written information furnished to the Issuer by or on behalf of a shareholder or any such control person for inclusion in any Registration Statement or prospectus (and any amendments or supplements thereto); provided, however, that the Issuer shall not be liable in any such case to the extent that any such losses arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission in the final prospectus, if such untrue statement or alleged untrue statement or omission or alleged omission is corrected in an amendment or supplement to the final prospectus and such shareholder thereafter fails to deliver such final prospectus as so amended or supplemented prior to or concurrently with the sale of the Registrable Securities covered by the Registration Statement to the person asserting such losses after the Issuer had furnished such shareholder with a sufficient number of copies thereof in a manner and at a time sufficient to permit delivery of the same by such shareholder, and (ii) each selling shareholder shall indemnify the Issuer, its affiliates, any person who signed the Registration Statement, and their respective officers, directors and control persons against all such losses, claims, damages, liabilities and expenses

(including but not limited to reasonable expenses incurred in investigating, preparing and defending against any claim) insofar as the same arise out of or are based upon or are caused by any such untrue statement or alleged untrue statement or any such omission or alleged omission based on written information furnished to the Issuer by or on behalf of such shareholder or any such control person for the inclusion in any Registration Statement or prospectus (and any amendments or supplements thereto).

12C.3 Promptly upon receipt by a party indemnified under this Agreement of notice of the commencement of any action against such indemnified party in respect of which indemnity or reimbursement may be sought against any indemnifying party under this Agreement, such indemnified party shall notify the indemnifying party in writing of the commencement of such action, but the failure to so notify the indemnifying party shall not relieve it of any liability which it may have to any indemnified party otherwise than under this Agreement unless such failure shall materially and adversely affect the defence of such action. In case notice of commencement of any such action shall be given to the indemnifying party as above provided, the indemnifying party shall be entitled to participate in and, to the extent it may wish, jointly with any other indemnifying party similarly notified, to assume the defence of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such indemnified party. The indemnified party shall have the right to employ separate legal counsel in any such action and participate in the defence thereof, but the fees and expenses of such counsel (other than reasonable expenses incurred in investigating, preparing and defending against any claim) shall be paid by the indemnified party unless (a) the indemnifying party agrees to pay the same, (b) the indemnifying party fails to assume the defence of such action with counsel reasonably satisfactory to the indemnified party (in such case the indemnifying party shall not have the right to assume the defence of such action on behalf of such indemnified party), or (c) the named parties to any such action (including any impleaded parties) have been advised by such counsel that representation of such indemnified party and the indemnifying party by the same counsel would be inappropriate under applicable standards of professional conduct (in which case the indemnifying party shall not have the right to assume the defence of such action on behalf of such indemnified party). In the event that either of the circumstances described in clauses (b) and (c) of the sentence immediately preceding shall occur, the indemnified party shall have the right to select a separate counsel and to assume such legal defence and otherwise to participate in the defence of any such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred. No indemnifying party shall be liable for any settlement entered into with its consent, which consent shall not be unreasonably withheld or delayed.

12C.4 If at any time the Issuer is required to file reports in compliance with either section 13 or section 15(d) of the Exchange Act, the Issuer will (a) file reports in compliance with the Exchange Act and (b) comply with all rules and regulations of the SEC applicable to the use of Rule 144.

13. TERMINATION

13.1 The Agent may terminate its obligations under this Agreement by notice in writing to the Issuer at any time before the Closing if:

(a) an adverse Material Change, or an adverse change in a Material Fact relating to any of the Securities, occurs or is announced by the Issuer;

(b) there is an event or accident, or enactment of a governmental law or regulation, or other occurrence of any nature which, in the opinion of the Agent, seriously affects or will seriously affect the financial markets, or the business of the Issuer or its Subsidiary or the ability of the Agent to perform its obligations under this Agreement, or a Purchaser's decision to purchase the Special Warrants;

(c) following a consideration of the history, business, products, property or affairs of the Issuer or its principals and promoters, or of the state of the financial markets in general, or the state of the market for the Issuer's securities in particular, the Agent determines, in its sole discretion, that it is not in the interest of the Purchasers to complete the purchase and sale of the Special Warrants;

(d) the Securities cannot, in the opinion of the Agent, be marketed due to the state of the financial markets, or the market for the Special Warrants in particular;

(e) an enquiry or investigation (whether formal or informal) in relation to the Issuer, or the Issuer's directors, officers or promoters, is commenced or threatened by an officer or official of any competent authority;

(f) any order to cease, halt or suspend trading (including an order prohibiting communications with persons in order to obtain expressions of interest) in the securities of the Issuer prohibiting or restricting the Private Placement is made by a competent regulatory authority and that order is still in effect;

(g) the Issuer is in breach of any material term of this Agreement; or

(h) the Agent determines that any of the representations or warranties made by the Issuer in this Agreement was false at the date of this Agreement or has become false without the Issuer providing updated information satisfactory to the Agent acting in its sole discretion.

13.2 The Agent's obligations hereunder will terminate if the Closing does not take place within 90 days of the reference date of this Agreement, unless otherwise agreed in writing by the Agent and the Issuer.

14. WARRANTIES, REPRESENTATIONS AND COVENANTS

14.1 The Issuer warrants and represents to and covenants with the Agent that:

(a) the Issuer is a valid and subsisting company duly incorporated and in good standing under the laws of Delaware, and the Subsidiary is a valid and subsisting corporation duly incorporated under the laws of its jurisdiction of incorporation;

(b) the Issuer and its Subsidiary each hold all material licences and permits that are required for carrying on their respective businesses in the manner and in the jurisdictions in which such businesses are presently being carried on;

(c) the Issuer and its Subsidiary each have the corporate power and capacity to own their assets and to carry on the business presently carried on by them;

(d) the Issuer owns no equity interest in any body corporate or other legal entity whatsoever except a 100% interest in the Subsidiary;

(e) the authorized and issued capital of the Issuer consists of the number of common shares disclosed in the Public Record subject only to the issuance of up to 7,400,000 additional shares on the exercise of options pursuant to the stock option plan of the Issuer disclosed in the Public Record and up to 1,100,000 additional shares on the exercise of currently outstanding warrants disclosed in the Public Record and the potential issuance of shares pursuant to a consulting contract with Bogart Delafield Ferrier, LLC, dated June 14, 2001 (the "BDF Contract"), and all of the shares shown in the Public Record as issued are issued and outstanding as fully paid and non-assessable as at the date hereof;

(f) the Issuer will reserve or set aside sufficient shares in its treasury to issue the Shares and the Warrant Shares, the Agent's Shares and the Agent's Warrant Shares and they will, when issued, be duly and validly issued as fully paid and non-assessable;

(g) the Issuer will use its commercially reasonable efforts to file all documents and take all action necessary to have the Shares and the Warrant Shares, the Agent's Shares and the Agent's Warrant Shares listed for trading on the Exchanges upon conversion of the Special Warrants and Agent's Series "A" Special Warrants, or exercise of the Warrants or Agent's Warrants, as the case may be, or as soon thereafter as is commercially reasonable;

(h) the minute books of the Issuer contain all records of the proceedings of the meetings of the Issuer's directors, shareholders and committees of directors since incorporation;

(i) the minute book of its Subsidiary contains all records of the proceedings of the meetings of its Subsidiary's directors, shareholders and committees of directors since its date of incorporation;

(j) the Issuer is the beneficial owner of the material businesses and assets or the interests in the businesses and assets referred to in the Public Record as being owned by the Issuer or its Subsidiary, and all agreements by which the Issuer or a Subsidiary holds or may earn an interest in such businesses or assets are in good standing according to their terms;

(k) the Public Record, taken as a whole, is true and complete in all material respects and each document included in the Public Record was prepared in accordance with the securities legislation applicable thereto and was true and correct and contained no Misrepresentation as at the date thereof;

(l) the Issuer is a "reporting issuer" under the securities legislation of each of the provinces of British Columbia and Ontario and is a "reporting company" under the Exchange Act and is not in material default of any of the requirements thereof or the regulation and rules made thereunder;

(m) the Issuer has filed no material change reports on a confidential basis with the Commissions which remain confidential;

(n) the Issuer's outstanding common shares are listed, posted and called for trading on the Exchanges, and the Issuer is not in material breach of its listing agreement with the Exchanges;

(o) the audited financial statements of the Issuer for its fiscal year ended March 31, 2001 (the "Audited Financial Statements) have been prepared in accordance with Canadian generally accepted accounting principles (with a reconciliation to United States generally accepted accounting principles), and accurately reflect the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Issuer on a consolidated basis as at the date thereof;

(p) the unaudited financial statements of the Issuer for the three month period ended June 30, 2001 and the six month period ended September 30, 2001 (the "Interim Financial Statements") have been prepared in accordance with United States generally accepted accounting principles, and accurately reflect the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Issuer on a consolidated basis as at the date thereof

(q) there have been no adverse Material Changes in the financial position of the Issuer since the date of the Audited Financial Statements, except as recorded in the books of the Issuer and fully and plainly disclosed in the Public Record;

(r) since the date of the Audited Financial Statements, there has been no damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of the Issuer or its Subsidiary, or the right or capacity of the Issuer or its Subsidiary to carry on its business;

(s) no financial statements of the Issuer are available as at any date or for any period subsequent to the Interim Financial Statements;

(t) all of the material transactions of the Issuer and its Subsidiary have been promptly and properly recorded or filed in or with the books or records of the Issuer or its Subsidiary;

(u) all of the material contracts of the Issuer and its Subsidiary are described in the Public Record and are in good standing in all material respects, and neither the Issuer nor its Subsidiary is in default in any material respect thereof, and the Issuer is not aware of any default in any material respect by any other party to such contracts;

(v) the Issuer has complied and will comply fully with the requirements of all applicable corporate and securities laws, including, without limitation, the Applicable Legislation, and all applicable Delaware corporate legislation in relation to the issue of the Securities, and in all matters relating to the Private Placement;

(w) the issue and sale of the Securities by the Issuer does not and will not conflict with, and does not and will not result in a breach of, any of the terms of its incorporating documents or any agreement or instrument to which the Issuer is a party;

(x) neither the Issuer nor its Subsidiary is party to any actions, suits, proceedings or arbitrations which could materially affect the business or financial condition of the Issuer, taken as a whole, and, to the best of the knowledge of the Issuer, no such actions, suits, proceedings or arbitrations are contemplated or have been threatened;

(y) there are no judgments against the Issuer or its Subsidiary which are unsatisfied, nor are there any consent decrees or injunctions to which the Issuer or its Subsidiary is subject;

(z) to the best of the Issuer's knowledge, neither the Issuer nor its Subsidiary is in breach of any law, ordinance, statute, regulation, bylaw, order or decree of any kind whatsoever which breach would have a material adverse effect on the financial position, business or prospects of the Issuer on a consolidated basis;

(aa) this Agreement has been duly authorized by all necessary corporate action on the part of the Issuer and the Issuer has full corporate power and authority to undertake the Private Placement;

(bb) there is not presently, and will not be until the Closing and the Qualification Date, any Material Change relating to the Issuer which has not been or will not be fully disclosed in the Public Record, in accordance with Applicable Legislation;

(cc) no order ceasing, halting or suspending trading in securities of the Issuer or prohibiting the sale of such securities has been issued to and is outstanding against the Issuer or, to the best of the knowledge of the Issuer, its directors, officers or promoters and, to the best of the knowledge of the Issuer, no investigations or proceedings for such purposes are pending or threatened;

(dd) except as disclosed in the Public Record and otherwise than pursuant to the Issuer's stock option plan and the BDF Contract, no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any shares in the capital of the Issuer or any other security convertible into or exchangeable for any such shares, or to require the Issuer to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital;

(ee) the Issuer and its Subsidiary has filed all federal, provincial, local and foreign tax returns which are required to be filed, or has requested extensions thereof, and has paid all taxes required to be paid and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for such assessments, fines and penalties which are currently being contested in good faith;

(ff) the Issuer and its Subsidiary has established on its books and records reserves which are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes on the assets of the Issuer or its Subsidiary except for taxes not yet due, and there are no audits of any of the tax returns of the Issuer or its Subsidiary which are known by the Issuer's management to be pending, and there are no claims which have been or may be asserted relating to any such tax returns which, if determined adversely, would result in the assertion by any governmental agency of any deficiency which would have a material adverse effect on the properties, business or assets of the Issuer on a consolidated basis;

(gg) this Agreement will be upon execution and delivery by the Issuer, a legal, valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms, subject only to customary qualifications regarding creditors' rights and the availability of equitable remedies;

(hh) the Issuer or its Subsidiary own or are entitled to use all material patents, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and processes necessary for the

business of the Issuer and its Subsidiary as now conducted and as proposed to be conducted and, to the best of the knowledge of the Issuer and its Subsidiary, without any conflict with or infringement of the rights of others;

(ii) neither the Issuer nor its Subsidiary has received any communication alleging that the Issuer or any Subsidiary has violated or, by conducting its business as proposed would violate any of the patents, trademarks, service marks, trade names, copyrights, or trade secrets or other proprietary rights of any other person or entity;

(jj) to the best of the Issuer's knowledge, neither the execution or delivery of this Agreement, the carrying on of the businesses of the Issuer and its Subsidiary, nor the conduct of the businesses of the Issuer or its Subsidiary by their respective employees will conflict with or result in a breach or default of any of the material terms of any contract, covenant or instrument under which any of such employees are bound; and

(kk) apart from the Agent, no person, firm or corporation acting or purporting to act at the request of the Issuer is entitled to any brokerage, agency or finder's fee in connection with the transactions described herein.

14.2 The representations and warranties of the Issuer contained herein will be true and correct at the Closing and, except where the Issuer has provided updated information satisfactory to the Agent acting in its sole discretion, as of the Qualification Date, and, if that is not the case, then the Agent will be entitled for a period of one year following the Closing to seek remedy against the Issuer for any such misrepresentation or breach of warranty, and no investigation by or on behalf of the Agent or the Purchasers will diminish in any respect their rights to rely on such representations and warranties.

14.3 The Agent warrants and represents to and covenants with the Issuer that:

(a) it is a valid and subsisting corporation under the law of the jurisdiction in which it was incorporated;

(b) it will sell the Special Warrants in compliance with the Applicable Legislation;

(c) it will execute and deliver a Subscription Agreement, in one of the forms attached as Schedule "A", for any Special Warrants that it is required to purchase under this Agreement; and

(d) if it or any of its subsidiaries transfers any Special Warrants, Agent's Series "A" Special Warrants, Agent's Series "B" Special Warrants or Agent's Warrants it has purchased or received from the Issuer, or any Shares, Agent's Shares or Agent's Warrant Shares issuable upon exercise of the Special Warrants or the Agent's Warrants to third parties, it will obtain any further acknowledgements, representations, warranties, or certifications from the Purchasers as required by the Applicable Legislation, and will fulfil any filing or reporting obligations in respect of the transfers in accordance with the Applicable Legislation and Exchange Policies.

14.4 In connection with all sales of the Securities, the Agent warrants and represents to and covenants with the Issuer that:

(a) it acknowledges that the Securities have not been registered under the U.S. Securities Act and may be transferred or sold only in accordance with the Exemptions;

(b) it has not entered and will not enter into any contractual arrangement with respect to the distribution of the Securities, except with its affiliates, any selling group members or with the prior written consent of the Issuer;

(c) all offers and sales of the Securities in the United States will be effected by Canaccord Capital Corporation (USA), Inc. (the "Placement Agent") in accordance with all applicable U.S. broker-dealer requirements;

(d) all sales to residents of Alberta, Ontario or British Columbia, as applicable, will be effected by the Agent in accordance with all applicable Alberta, Ontario and British Columbia registration requirements and will be made in strict compliance with, in the case of residents of Alberta, sections 65(1)(e) and 107(1)(d) of the Securities Act (Alberta), in the case of residents of British Columbia, sections 45(1)(5) and 74(2)(4) of the Securities Act (B.C.) and, in the case of residents of Ontario, sections 35(1)(5) and 72(1)(d) of the Securities Act (Ontario);

(e) other than the written documents prepared and agreed upon by the parties hereto in connection with this Private Placement transaction, no written material will be used or distributed in connection with the offer or sale of the Securities in the United States;

(f) all transfers or sales of the Securities in the United States will be made only to parties who, prior to such transfer or sale, represent and warrant in writing that they are an Institutional "Accredited Investor" as such term is defined in Rule 501 under the U.S. Securities Act;

(g) no form of General Solicitation or General Advertising will be used, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Securities;

(h) prior to any sale of Securities, it shall cause each purchaser thereof to give to the Issuer those representations, warranties and agreements as are contained in the Certification for Securities Law Compliance attached hereto as part of Schedule "A".

15. EXPENSES OF AGENT

15.1 The Issuer will pay all of the expenses of the Private Placement and all the expenses reasonably incurred by the Agent or Canaccord Europe in connection with the Private Placement, the Prospectus and the Registration Statement including, without limitation, the fees and expenses of the solicitors for the Agent and Canaccord Europe (who need not be the same person or firm) for which an invoice for such fees and receipts for such expenses have been provided to the Issuer.

15.2 The Issuer will pay the expenses referred to in the previous Subsection even if the transactions contemplated by this Agreement are not completed or this Agreement is terminated, unless the failure of acceptance or completion or the termination is the result of a breach of this Agreement by the Agent.

15.3 The Agent may, from time to time, render accounts for their respective expenses in connection with the Private Placement, the Prospectus and the Registration Statement to the Issuer for payment on or before the dates set out in the accounts.

15.4 The Issuer authorizes the Agent to deduct its expenses in connection with the Private Placement from the gross proceeds of the Private Placement and any advance payments made by the Issuer, including expenses for which an account has not yet been rendered but for which a reasonable estimate has been provided by the Agent to the Issuer.

16. GARNISHING ORDERS

16.1 If at any time, up to and including the Closing, the Agent receives a garnishing order or other form of attachment purporting to attach or garnish a part or all of the sale price of the Special Warrants, the Agent will be free to pay the amount purportedly attached or garnished into court.

16.2 Any payment by the Agent into court pursuant to a garnishing order will be deemed to have been received by the Issuer as payment by the Agent against the sale price of the Securities to the extent of the amount paid, and the Issuer will be bound to issue and deliver the Securities proportionately to the amount paid by the Agent.

16.3 The Agent will not be bound to ascertain the validity of any garnishing order or attachment, or whether in fact it attaches any moneys held by the Agent, and the Agent will be free to act with impunity in replying to any garnishing order or attachment.

16.4 The Issuer will release, indemnify and save harmless the Agent in respect of all damages, costs, expenses or liability arising from any acts of the Agent under this Section.

17. INDEMNITY

17.1 The Issuer will indemnify the Agent and Canaccord Europe and their agents, directors, officers, employees, affiliates (as that term is defined in the U.S. Securities Act) and shareholders (individually, an "Indemnified Party" and collectively, the "Indemnified Parties") and save them harmless against all losses, claims, damages or liabilities:

(a) existing by reason of an untrue statement contained in the Public Record, one of the subscription agreements attached as Schedule "A" or in another form approved by the Issuer or other written or oral representation made by the Issuer to a Purchaser or potential Purchaser in connection with the Private Placement, the Prospectus and the Registration Statement, or by reason of the omission to state any fact necessary to make such statements or representations not misleading (except for information and statements supplied by and relating solely to the Agent or Canaccord Europe);

(b) arising directly or indirectly out of any order made by any regulatory authority based upon an allegation that any such untrue statement or representation, or omission exists (except information and statements supplied by and relating solely to the Agent or Canaccord Europe), that trading in or distribution of any of the Securities is to cease;

(c) resulting from the failure by the Issuer to obtain the requisite regulatory approval for the Private Placement, the Prospectus and the Registration Statement unless the failure to obtain such approval is the result of a breach of this Agreement by the Agent;

(d) resulting from the breach by the Issuer of any of the terms of this Agreement;

(e) resulting from any representation or warranty made by the Issuer herein being untrue or ceasing to be true;

(f) subject to Subsection 8.2, if the Issuer fails to issue and deliver the certificates representing the Special Warrants in the form and denominations satisfactory to the Agent at the time and place required by the Agent with the result that any completion of a sale of the Special Warrants does not take place; or

(g) if, following the completion of a sale of any of the Special Warrants, a determination is made by any competent authority setting aside the sale or issuance, unless that determination arises out of an act or omission or a breach of this Agreement by the Agent.

17.2 If any action or claim is brought against an Indemnified Party in respect of which indemnity may be sought from the Issuer pursuant to this Agreement, the Indemnified Party will promptly notify the Issuer in writing of the nature of such action or claim.

17.3 The Issuer will assume the defence of the action or claim, including the employment of counsel and the payment of all expenses.

17.4 The Indemnified Party will have the right to employ separate counsel, and the Issuer will pay the reasonable fees and expenses of such counsel.

17.5 The indemnity provided for in this Section will not be limited or otherwise affected by any other indemnity obtained by the Indemnified Party from any other person in respect of any matters specified in this

Agreement and will continue in full force and effect until all possible liability of the Indemnified Parties arising out of the transactions contemplated by this Agreement has been extinguished by the operation of law.

17.6 If indemnification under this Agreement is found in a final judgment (not subject to further appeal) by a court of competent jurisdiction not to be available for reason of public policy, the Issuer and the Indemnified Parties will contribute to the losses, claims, damages, liabilities or expenses (or actions in respect thereof) for which such indemnification is held unavailable in such proportion as is appropriate to reflect the relative benefits to and fault of the Issuer, on the one hand, and the Indemnified Parties on the other hand, in connection with the matter giving rise to such losses, claims, damages, liabilities or expenses (or actions in respect thereof). No person found liable for a fraudulent Misrepresentation will be entitled to contribution from any person who is not found liable for such fraudulent Misrepresentation.

17.7 To the extent that any Indemnified Party is not a party to this Agreement, the Agent will obtain and hold the right and benefit of this Section in trust for and on behalf of such Indemnified Party.

17.8 The indemnity provided herein replaces and supersedes the indemnity provided by the Issuer pursuant to the letter from Canaccord Europe to the Issuer dated July 25, 2001, and captioned "Proposed Financing".

17.9 The Agent will indemnify the Issuer and save it harmless against all losses, claims, damages or liabilities arising from the breach by the Agent of any of the terms of this Agreement.

18. ASSIGNMENT AND SELLING GROUP PARTICIPATION

18.1 The Agent will not assign this Agreement or any of its rights under this Agreement or, with respect to the Securities, enter into any agreement in the nature of an option or a sub-option unless and until, for each intended transaction, the Agent has obtained the consent of the Issuer, and any required notice has been given to and accepted by the Regulatory Authorities.

18.2 The Agent may offer selling group participation in the normal course of the brokerage business to selling groups of other dealers, brokers and investment dealers, who may or who may not be offered part of the Agent's Fee. The Agent will ensure that there is a restriction in any subagency or selling group agreements requiring subagents or selling group members not to offer securities to residents of Alberta, Ontario or British Columbia, as applicable, except in strict compliance with, in the case of residents of Alberta, sections 65(1)(e) and 107(1)(d) of the Securities Act (Alberta), in the case of residents of British Columbia, sections 45(1)(5) and 74(2)(4) of the Securities Act (B.C.) and, in the case of residents of Ontario, sections 35(1)(5) and 72(1)(d) of the Securities Act (Ontario).

19. RIGHT OF FIRST REFUSAL

19.1 The Issuer will grant Canaccord Europe a right of first refusal to act as co-manager on any issuance of shares from treasury, except for shares issued pursuant to securities issued under the Private Placement, shares issued pursuant to incentive stock options, currently outstanding share purchase warrants or the BDF Contract, for the purposes of a public or private offering for a period of one year after the Closing, and shall provide Canaccord Europe with notice in respect of any such offering.

19.2 The right of first refusal must be exercised by Canaccord Europe within 15 days following the receipt of the notice by notifying the Issuer that it will act as co-manager on the issuance of shares from treasury for the purposes of a public or private offering on the terms set out in the notice.

19.3 If Canaccord Europe fails to give notice within the 15 days that it will act as co-manager upon the terms set out in the notice, the Issuer will then be free to make other arrangements to obtain financing from another source or work with another party as co-manager on the same terms or on terms no less favourable to the Issuer, subject to obtaining the acceptance of the Regulatory Authorities.

19.4 The right of first refusal will not terminate if, on receipt of any notice from the Issuer under this Section, Canaccord Europe fails to exercise the right.

19.5 This right of first refusal supersedes and replaces any prior right of first refusal agreement, either written or oral, including but not limited to the right of first refusal granted to the Agent under the Agency Agreement between the Issuer and the Agent, as applicable, dated January 11, 2001.

20. NOTICE

20.1 Any notice under this Agreement will be given in writing and must be delivered, sent by facsimile transmission addressed to the party to which notice is to be given at the address indicated above, or at another address designated by the party in writing.

20.2 If notice is sent by facsimile transmission or is delivered, it will be deemed to have been given at the time of transmission or delivery, or if not a business day, the next business day.

21. ENGAGEMENT LETTER

The parties to this Agreement acknowledge that this Agreement and the documents referred to herein contain the entire agreement between the parties with respect to the subject matter contained herein and supersedes and replaces all other agreements, written or oral, including but not limited to the letter from Canaccord Europe to the Issuer dated July 25, 2001, and captioned "Proposed Financing".

22. TIME

Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the Interpretation Act (British Columbia).

23. LANGUAGE

This Agreement is to be read with all changes in gender or number as required by the context.

24. ENUREMENT

This Agreement enures to the benefit of and is binding on the parties to this Agreement and their successors and permitted assigns.

25. HEADINGS

The headings in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement.

26. COUNTERPARTS

This Agreement may be executed in two or more counterparts and may be delivered by facsimile transmission. Each counterpart will be deemed to be an original and all counterparts will constitute one agreement, effective as of the reference date given above.

27. LAW

This Agreement is governed by the internal laws of British Columbia (without reference to its rules governing the choice or conflict of laws), and the parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of British Columbia with respect to any dispute related to this Agreement.

This document was executed and delivered as of the date given above:

Executed by an authorized signatory of GENETRONICS BIOMEDICAL CORPORATION in the presence of:	
Jan Urata	
Name	GENETRONICS BIOMEDICAL CORPORATION
1400 - 1055 West Hastings Street	
Address	By: /s/Jim Heppell
Vancouver, BC V6E 2E9	
Legal Assistant	
Occupation	
Executed by an authorized signatory of CANACCORD CAPITAL CORPORATION in the presence of:	
Glenda Chin	
Name	CANACCORD CAPITAL CORPORATION
) c/o Canaccord Capital Corporation	
Address	By: /s/ Michael G. Greenwood
2200 - 609 Granville Street	
	By: /s/David J. Horton
Vancouver, BC V7Y 1H2	
Occupation	

SCHEDULE "A"

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENTS

INSTRUCTIONS TO PURCHASER

1. Complete all the information in the boxes on page 1 and sign where indicated with an "X".

2. Complete the certification that starts on page 5 and sign where indicated with an "X" on page 7.

3. Complete the Toronto Stock Exchange private placement questionnaire and undertaking that starts on page 10 and sign where indicated with an "X" on page 11.

4. If you an individual, complete and sign the Form 45-903F1 that starts on page 8.

THIS IS PAGE 1 OF 19 PAGES OF A SUBSCRIPTION AGREEMENT AND RELATED APPENDIXES, SCHEDULES AND FORMS. COLLECTIVELY, THESE PAGES TOGETHER ARE REFERRED TO AS THE "SUBSCRIPTION AGREEMENT".

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT
(BRITISH COLUMBIA $97,000 MINIMUM SUBSCRIPTION)

TO: GENETRONICS BIOMEDICAL CORPORATION (the "Issuer"),
San Diego, California, U.S.A.

Subject and pursuant to the terms set out in the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference, the undersigned (the "Purchaser") hereby irrevocably subscribes for, and on Closing will purchase from the Issuer, the following securities at the following price:

_____ Special Warrants

USD 0.45 per Special Warrant for a total purchase price of USD _____

The Purchaser holds the following securities of the Issuer:

The Purchaser directs the Issuer to issue, register and deliver the certificates representing the Purchased Securities as follows:

REGISTRATION INSTRUCTIONS:	DELIVERY INSTRUCTIONS:
_____	_____
Name to appear on certificate	Name and account reference, if applicable
_____	_____
Account reference, if applicable	Contact name
_____	_____
Address	Address
_____	_____
	Telephone number

EXECUTED BY THE PURCHASER THIS _____ DAY OF _____, 2001.

WITNESS:	EXECUTION BY PURCHASER:
_____	X _____
Signature of witness	Signature of individual (if Purchaser IS an individual)
_____	X _____
Name of witness	Authorized signatory (if Purchaser is NOT an individual)
_____	_____
Address of witness	Name of Purchaser (PLEASE PRINT)
_____	_____
	Name of authorized signatory (PLEASE PRINT)
ACCEPTED this ___ day of _____, 2001.	
GENETRONICS BIOMEDICAL CORPORATION Per:	_____ Address of Purchaser (residence if an individual)
_____	
Authorized signatory	

By signing this acceptance, the Issuer agrees to be bound by the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference.

TERMS

THE REFERENCE DATE OF THIS AGREEMENT (THE "AGREEMENT DATE") November 1, 2001

THE OFFERING

THE ISSUER	Genetronics Biomedical Corporation
THE AGENT	Canaccord Capital Corporation (which, together with any sub-agents, is referred to as the "Agent") has agreed to purchase the Special Warrants of the Issuer that are not sold to purchasers upon the terms and conditions of an agency agreement dated for reference the Agreement Date (the "Agency Agreement").
THE "OFFERING"	The offering consists of an aggregate of 5,212,494 non-transferable (except by the Agent to transferees in accordance with the Applicable Legislation) special warrants (the "Special Warrants") at USD 0.45 per Special Warrant for proceeds of USD 2,345,622.30. Each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"). Each whole Warrant may be exercised within 18 months from the date of issuance to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.
PROSPECTUS AND CONVERSION RATE INCREASE	The Issuer will use its commercially reasonable efforts to ensure that the Special Warrants and the underlying Shares and Warrant Shares will be qualified by a prospectus in Canada (the "Prospectus") and the resale of the Shares and Warrant Shares by the initial purchasers of the Special Warrants will be the subject of a registration statement in the U.S. (the "Registration Statement") (the day on which final receipt for the Prospectus is received by the Issuer and on which the Registration Statement becomes effective or, if different, the later of such dates, being the "Qualification Date"). The Issuer will use its commercially reasonable efforts to have the Qualification Date occur within 90 days of the closing (the "Closing") of this Offering. If the Qualification Date does not occur within 90 days of Closing and if the Purchaser has provided to the Issuer all of the information required of them by the Issuer to permit the Issuer to file the Registration Statement, the Purchaser will receive a refund of 20% of the total purchase price paid for the Special Warrants.
ADDITIONAL PROVISIONS IN RESPECT OF THE SPECIAL WARRANTS	Each Special Warrant may be exercised by the Purchasers in whole or in part at any time after each Closing. If, however, the Special Warrants are exercised prior to the day on which a final receipt for the Prospectus is received by the Issuer, the Shares and Warrant Shares underlying the Special Warrants and Warrants, respectively, may not be traded in British Columbia for a period of six months from Closing and may not be traded in Ontario for a period of one year from Closing. If the Special Warrants are exercised prior to the day on which the Registration Statement becomes effective, the Shares and Warrant Shares underlying the Special Warrants will be subject to

restrictions on trading under the U.S. Securities Act until at least one year from Closing.

All unexercised Special Warrants will be deemed to be exercised on that day which is the fifth business day after the day on which final receipt for the Prospectus is received by the Issuer.

PURCHASED SECURITIES	The "Purchased Securities" are Special Warrants convertible into one common share and one-half share purchase warrant.
TOTAL AMOUNT	5,212,494 Special Warrants.
PRICE	USD 0.45 for total proceeds of USD 2,345,622.30.
WARRANTS	Subject to the Applicable Legislation and the rules and policies of the Toronto Stock Exchange and the American Stock Exchange, the Warrants will be non-transferable. The certificates representing the Warrants will contain, among other things, the complete provisions concerning the exercise of the Warrants and provisions for the appropriate adjustment in the class and number of the Warrant Shares issued upon conversion of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares of the Issuer, the payment of stock dividends and the merger of the Issuer. The Warrants will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights.
SELLING JURISDICTIONS	The United States, British Columbia, Ontario and certain offshore jurisdictions outside of Canada and the United States.
"CLOSING DATE"	November 23, 2001, or at such other date as agreed by the Issuer and the Agent.
LEGENDS	The certificates representing the Securities will be endorsed with only the following legends: THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A HOLD PERIOD AND MAY NOT BE TRADED IN BRITISH COLUMBIA UNTIL 12:01 A.M. ON [DATE SIX MONTHS AND ONE DAY FROM CLOSING] OR IN ONTARIO UNTIL 12:01 A.M. ON [IN THE CASE OF THE SPECIAL WARRANTS AND WARRANTS, DATE 18 MONTHS AND ONE DAY FROM CLOSING AND, IN THE CASE OF THE UNDERLYING SHARES, DATE ONE YEAR AND ONE DAY FROM CLOSING] EXCEPT AS PERMITTED BY THE TORONTO STOCK EXCHANGE AND THE APPLICABLE SECURITIES LEGISLATION IN THOSE JURISDICTIONS. THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY

	PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.
	THE ISSUER
JURISDICTION OF ORGANIZATION	The Issuer is incorporated under the laws of Delaware.
AUTHORIZED AND OUTSTANDING CAPITAL	The authorized capital of the Issuer is 100,000,000 shares of common stock with a par value of $0.001 per share and 10,000,000 shares of preferred stock with a par value of $0.01 per share. As of October 1, 2001, the issued capital of the Issuer is 33,759,968 shares of common stock.
STOCK EXCHANGE LISTINGS	Shares of the Issuer are listed on the Toronto Stock Exchange (the "TSE") and the American Stock Exchange ("AMEX")
"SECURITIES LEGISLATION APPLICABLE TO THE ISSUER" OR "APPLICABLE LEGISLATION"	The Securities Act (Ontario), R.S.O. 1990, c. S.5, as amended (the "Ontario Act") (pursuant to which the Issuer is a "reporting issuer"), the Securities Act, R.S.B.C. 1996, c. 418, as amended (the "B.C. Act") (pursuant to which the Issuer is a "reporting issuer"), and the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") (to the extent that the U.S. Securities Act is applicable on the issuance of securities to U.S. Persons or to non-U.S. Persons under Regulation D, all of which terms are terms are defined below), together with the regulations and rules made and promulgated thereunder and all administrative policy statements, blanket orders and rulings, notices, and other administrative directions issued by the Commissions (as defined below), along with the rules and policies of the TSE (the "TSE Policies") and the rules and policies of the AMEX (the "AMEX Policies").
"APPLICABLE EXEMPTIONS"	The Offering is being made in accordance with the exemptions from, or the non-applicability of, the registration and prospectus requirements (the "Applicable Exemptions") of the Applicable Legislation as provided in an Interpretation Note regarding "offshore" distributions published by the Ontario Securities Commission, BCI 72-503 of the B.C. Securities Commission, sections 35(1)(5) and 72(1)(d) of the Ontario Act, sections 45(1)(5) and 74(2)(4) of the B.C. Act and Regulation D of the U.S. Securities Act.

END OF TERMS

CERTIFICATION FOR U.S. SECURITIES LAW COMPLIANCE

(Capitalized terms not specifically defined in this Certification have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached.)

In connection with the execution of the Subscription Agreement to which this Schedule is attached, the Purchaser represents and warrants to the Issuer that:

(a) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Purchased Securities and it is able to bear the economic risk of loss of its entire investment.

(b) The Issuer has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Issuer as it has considered necessary or appropriate in connection with its investment decision to acquire the Purchased Securities.

(c) It is acquiring the Purchased Securities for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Purchased Securities in violation of the United States securities laws.

(d) It understands the Purchased Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state of the United States and that the sale contemplated hereby is being made in reliance on an exemption from such registration requirements. It further understands that, while the Issuer has agreed to use its best efforts to file a registration statement in respect of the Purchaser's resale of the Shares and the Warrant Shares (the "Registration Statement"), in compliance with the U.S. Securities Act with the United States Securities and Exchange Commission, and to have the Registration Statement declared effective, there can be no assurance the Issuer will be able to do so. It also understands that it will be required to furnish certain information about it and its holdings of the Issuer's shares as part of the information that will be included in the Registration Statement.

(e) It satisfies one or more of the categories indicated below (please initial the appropriate lines):

____	Category 1.	An organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Purchased Securities, with total assets in excess of USD 5,000,000;
____	Category 2.	A natural person whose individual net worth, or joint net worth with that person's spouse, at the date of this Certification exceeds USD 1,000,000;
____	Category 3.	A natural person who had an individual income in excess of USD 200,000 in each of the two most recent years or joint income with that person's spouse in excess of USD 300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
____	Category 4.	A trust that (a) has total assets in excess of USD 5,000,000, (b) was not formed for the specific purpose of acquiring the Purchased Securities and (c) is directed in its purchases of securities by a person who has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of an investment in the Purchased Securities;
____	Category 5.	An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;
____	Category 6.	A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

____	Category 7.	A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940; or
____	Category 8.	An entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

(f) It has not purchased the Purchased Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, or television, or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(g) If it decides to offer, sell or otherwise transfer any of the Purchased Securities or the underlying Shares, Warrants or Warrant Shares, it will not offer, sell or otherwise transfer any of such securities directly or indirectly, unless:

(i) the sale is to the Issuer;

(ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;

(iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder and in accordance with any applicable state securities or "blue sky" laws;

(iv) the Purchased Securities are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Issuer an opinion of counsel reasonably satisfactory to the Issuer to the effect that such transaction does not require registration; or

(v) the sale is made pursuant to an effective registration statement filed under the U.S. Securities Act.

(h) The Purchased Securities and the underlying Shares, Warrants and Warrant Shares are "restricted securities" as that term is defined in the U.S. Securities Act, and the certificates representing the Purchased Securities and the Shares, Warrants and Warrant Shares issued upon conversion of the Purchased Securities, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws, will bear, on the face of such certificate, a legend in substantially the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

(i) It understands and agrees that there may be material tax consequences to the Purchaser of an acquisition or disposition of the Securities. The Issuer gives no opinion and makes no representation with respect to the tax consequences to the Purchaser under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such Securities.

(j) It understands and agrees that the financial statements of the Issuer have been prepared in accordance with Canadian generally accepted accounting principles with a reconciliation to United States generally accepted accounting principles.

(k) It consents to the Issuer making a notation on its records or giving instructions to any transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described in this Certification and the Subscription Agreement.

Dated _____ 2001.

X _____

Signature of individual (if Purchaser IS an individual)

X _____

Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

FORM 45-903F1

SECURITIES ACT

TO BE COMPLETED ONLY BY PURCHASERS WHO ARE INDIVIDUALS

This is the form required under section 135 of the Rules and, if applicable, by an order issued under section 76 of the British Columbia Securities Act.

ACKNOWLEDGEMENT OF INDIVIDUAL PURCHASER

1. I have agreed to purchase from Genetronics Biomedical Corporation (the "Issuer") _____ Purchased Securities (the "Securities") of the Issuer. The Purchased Securities are special warrants (the "Special Warrants") at USD 0.45 per Special Warrant. Each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"). Each whole Warrant may be exercised within 18 months from the date of issuance to the Purchaser to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.

2. I am purchasing the Securities as principal and, on closing of the agreement of purchase and sale, I will be the beneficial owner of the Securities.

3. I [circle one] have / have not received an offering memorandum describing the Issuer and the Securities.

4. I acknowledge that:

(a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities, AND

(b) there is no government or other insurance covering the Securities, AND

(c) I may lose all of my investment, AND

(d) there are restrictions on my ability to resell the Securities and it is my responsibility to find out what those restrictions are and to comply with them before selling the Securities, AND

(e) I will not receive a prospectus that the British Columbia Securities Act (the "Act") would otherwise require be given to me because the Issuer has advised me that it is relying on a prospectus exemption, AND

(f) because I am not purchasing the Securities under a prospectus, I will not have the civil remedies that would otherwise be available to me, AND

(g) the Issuer has advised me that it is using an exemption from the requirement to sell through a dealer registered under the Act, except purchases referred to in paragraph 5(g), and as a result I do not have the benefit of any protection that might have been available to me by having a dealer act on my behalf.

5. I also acknowledge that: [CIRCLE ONE]

(a) I am purchasing Securities that have an aggregate acquisition cost of CAD 97,000 or more, OR

(b) my net worth, or my net worth jointly with my spouse at the date of the agreement of purchase and sale of the security, is not less than CAD 400,000, OR

(c) my annual net income before tax is not less than CAD 75,000, or my annual net income before tax jointly with my spouse is not less than CAD 125,000, in each of the two most recent calendar years, and I reasonably expect to have annual net income before tax of not less than CAD 75,000 or annual

net income before tax jointly with my spouse of not less than CAD 125,000 in the current calendar year, OR

(d) I am registered under the Act, OR

(e) I am a spouse, parent, brother, sister or child of a senior officer or director of the Issuer, or of an affiliate of the Issuer, OR

(f) I am a close personal friend of a senior officer or director of the Issuer, or of an affiliate of the Issuer, OR

(g) I am purchasing securities under section 128(c) (CAD 25,000 - registrant required) of the Rules, and I have spoken to a person [NAME OF REGISTERED PERSON: _____ (THE "REGISTERED PERSON")] who has advised me that the Registered Person is registered to trade or advise in the Securities and that the purchase of the Securities is a suitable investment for me.

6. If I am an individual referred to in paragraph 5(b), 5(c), or 5(d), I acknowledge that, on the basis of information about the Securities furnished by the Issuer, I am able to evaluate the risks and merits of the Securities because: [CIRCLE ONE]

(a) of my financial, business or investment experience, OR

(b) I have received advice from a person [NAME OF ADVISER:
_____ (THE "ADVISER")] who has advised me that the Adviser is:

(i) registered to advise, or exempted from the requirement to be registered to advise, in respect of the Securities, and

(ii) not an insider of, or in a special relationship with, the Issuer.

The statements made in this report are true.

DATED _____, 2001.

Signature of Purchaser

Name of Purchaser

Address of Purchaser

THE TORONTO STOCK EXCHANGE

PRIVATE PLACEMENT QUESTIONNAIRE AND UNDERTAKING

To be completed by each proposed private placement purchaser of listed securities or securities which are convertible into listed securities.

QUESTIONNAIRE

1. DESCRIPTION OF TRANSACTION

(a) Name of issuer of the securities (the "Issuer")

Genetronics Biomedical Corporation

(b) Number and class of securities to be purchased

_____ Special Warrants; each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"); each whole Warrant may be exercised within 18 months from the date of issuance to the Purchaser to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.

(c) Purchase price

USD 0.45 per Special Warrant

2. DETAILS OF PURCHASER

(a) Name of purchaser

(b) Address

(c) Names and addresses of persons having a greater than 10% beneficial interest in the purchaser

3. RELATIONSHIP TO ISSUER

(a) Is the purchaser (or any person named in response to 2(c) above) an insider of the Issuer for the purposes of the Ontario Securities Act (before giving effect to this private placement)? If so, state the capacity in which the purchaser (or person named in response to 2(c)) qualifies as an insider

(b) If the answer to (a) is "no", are the purchaser and the Issuer controlled by the same person or company? If so, give details

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4. DEALINGS OF PURCHASER IN SECURITIES OF THE ISSUER

Give details of all trading by the purchaser, as principal, in the securities of the Issuer (other than debt securities which are not convertible into equity securities), directly or indirectly, within the 60 days preceding the date hereof

UNDERTAKING

TO: The Toronto Stock Exchange

The undersigned has subscribed for and agreed to purchase, as principal, the securities described in Item 1 of this Private Placement Questionnaire and Undertaking.

The undersigned undertakes not to sell or otherwise dispose of any of the said securities so purchased or any securities derived therefrom for a period that expires on the earlier of six months from the date of the closing of the transaction herein and the issuance of a receipt by the Ontario Securities Commission for a final prospectus qualifying the distribution of the Shares and the Warrants, without the prior consent of The Toronto Stock Exchange and any other regulatory body having jurisdiction.

Dated _____ 2001.

X _____
Signature of individual (if Purchaser IS an individual)

X _____
Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

GENERAL PROVISIONS

1. DEFINITIONS

1.1 In the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference), the following words have the following meanings unless otherwise indicated:

(a) "Agent" has the meaning assigned in the Terms;

(b) "Applicable Legislation" means the Securities Legislation Applicable to the Issuer (as defined on page 4) and all legislation incorporated in the definition of this term in other parts of the Subscription Agreement, together with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by the Commissions;

(c) "Canaccord Europe" means Canaccord Capital (Europe) Limited;

(d) "Closing" means the completion of the sale and purchase of the Purchased Securities;

(e) "Closing Date" has the meaning assigned in the Terms;

(f) "Commissions" means the B.C. Securities Commission, the Ontario Securities Commission and the SEC;

(g) "General Provisions" means those portions of the Subscription Agreement headed "General Provisions" and contained on page 1 to 8;

(h) "Private Placement" means the offering of the Purchased Securities on the terms and conditions of the Agency Agreement and this Subscription Agreement;

(i) "Purchased Securities" has the meaning assigned in the Terms;

(j) "Regulation D" means Regulation D promulgated under the U.S. Securities Act;

(k) "Regulation S" means Regulation S promulgated under the U.S. Securities Act;

(l) "Regulatory Authorities" means the Commissions and the TSE;

(m) "SEC" means the Securities and Exchange Commission of the United States;

(n) "Securities" means the Special Warrants, the Shares, the Warrants and the Warrant Shares;

(o) "Subscription Agreement" means the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference;

(p) "Terms" means those portions of the Subscription Agreement headed "Terms" and contained on page 2 to 4; and

(q) "U.S. Securities Act" means the Securities Act of 1933 (United States of America), as amended.

1.2 A person is "Deemed to be Acting as a Principal" if the person is

(a) duly authorized to enter into this subscription and to execute all documentation in connection with the purchase on behalf of each beneficial purchaser; is purchasing the Purchased Securities as an agent or trustee for accounts that are fully managed by it and is

(i) a trust company or insurance company authorized to carry on business in British Columbia under the Financial Institutions Act (British Columbia);

(ii) an adviser who manages the investment portfolio of clients through discretionary authority granted by one or more clients and who is registered as a portfolio manager under the Securities Act (B.C.) or is exempt from such registration;

(iii) a trust company or insurer, authorized under the laws of a province or territory of Canada other than British Columbia to carry on business in such province or territory; or

(iv) a portfolio manager registered or exempt from registration under the laws of a province or territory of Canada other than British Columbia; or

(b) acting as agent for one or more disclosed principals, each of which principals is purchasing as a principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Purchased Securities.

1.3 In the Subscription Agreement, the following terms have the meanings defined in Regulation S: "U.S. Person" and "United States".

1.4 In the Subscription Agreement, unless otherwise specified, currencies are indicated with the ISO 4217 currency code so that United States dollars are indicated with the prefix "USD".

1.5 In the Subscription Agreement, other words and phrases that are capitalized have the meaning assigned in the Subscription Agreement.

2. REPRESENTATIONS AND WARRANTIES OF PURCHASER

2.1 REPRESENTATIONS BY PURCHASER

The Purchaser represents and warrants to the Issuer that, as at the Agreement Date and at the Closing:

(a) no prospectus has been filed by the Issuer with the Commissions in connection with the issuance of the Purchased Securities, the issuance is exempted from the prospectus requirements of the Applicable Legislation and:

(i) the Purchaser is restricted from using most of the civil remedies available under the Applicable Legislation;

(ii) the Purchaser may not receive information that would otherwise be required to be provided to the Purchaser under the Applicable Legislation; and

(iii) the Issuer is relieved from certain obligations that would otherwise apply under the Applicable Legislation;

(b) to the best of the Purchaser's knowledge, the Purchased Securities were not advertised;

(c) no person has made to the Purchaser any written or oral representations:

(i) that any person will resell or repurchase the Securities;

(ii) that any person will refund the purchase price of the Purchased Securities;

(iii) as to the future price or value of any of the Securities; or

(iv) that the Securities will be listed and posted for trading on a stock exchange or that application has been made to list and post the Securities for trading on a stock exchange, other than the TSE and AMEX;

(d) the Purchaser is resident in British Columbia and represents and warrants as follows:

(i) in the case of any Purchaser who is Deemed to be Acting as a Principal, the Purchaser acknowledges that the Issuer may in the future be required by law to disclose on a confidential basis to securities regulatory authorities the identity of each beneficial purchaser of Purchased Securities for whom the Purchaser may be acting.

(ii) the Purchaser is purchasing sufficient Purchased Securities so that the aggregate acquisition cost of the Purchased Securities to the Purchaser is not less than CAD 97,000, the Purchaser is not a corporation, partnership, trust, fund, association, or any other organized group of persons created solely, or used primarily, to permit the purchase of the Purchased Securities (or other similar purchases) by a group of individuals whose individual share of the aggregate acquisition cost of the Purchased Securities is less than CAD 97,000, and the Purchaser is either:

(A) purchasing the Purchased Securities as principal and no other person, corporation, firm or other organization will have a beneficial interest in the Purchased Securities;

(B) if not purchasing the Purchased Securities as principal, is Deemed to be Acting as a Principal and the aggregate acquisition cost of the Purchased Securities purchased for all the accounts managed by it is not less than CAD 97,000; or

(C) if not purchasing the Purchased Securities as principal, is Deemed to be Acting as a Principal and each of the disclosed principals is purchasing sufficient Purchased Securities so that the aggregate acquisition cost of the Purchased Securities to the Purchaser is not less than CAD 97,000, the Purchaser is not a corporation, partnership, trust, fund, association, or any other organized group of persons created solely, or used primarily, to permit the purchase of the Purchased Securities (or other similar purchases) by a group of individuals whose individual share of the aggregate acquisition cost of the Purchased Securities is less than CAD 97,000;

(e) the Purchaser acknowledges that the Securities will be subject to restrictions on resale until six months have elapsed from the date of issue of the Purchased Securities;

(f) the Purchaser is not a person, company or combination of persons or companies that is a "control person" of the Issuer as defined in the Applicable Legislation, will not become a "control person" by virtue of this purchase of any of the Securities, and does not intend to act in concert with any other person to form a control group of the Issuer;

(g) the Purchaser acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;

(ii) there is no government or other insurance covering the Securities;

(iii) there are risks associated with the purchase of the Securities;

(iv) there are restrictions on the Purchaser's ability to resell the Securities and it is the responsibility of the Purchaser to find out what those restrictions are and to comply with them before selling the Securities; and

(v) the Issuer has advised the Purchaser that the Issuer is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell securities through a person registered to sell securities under the Applicable Legislation and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Legislation, including statutory rights of rescission or damages, will not be available to the Purchaser;

(h) this subscription has not been solicited in any other manner contrary to the Applicable Legislation;

(i) the Purchaser is at arm's length (as that term is customarily defined) with the Issuer;

(j) the Purchaser acknowledges that the Securities are subject to restrictions on trading in British Columbia and Ontario as described in the section headed "Legends" on page 3;

(k) the Purchaser acknowledges that the Securities have not been registered under the U.S. Securities Act and may not be offered or sold unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available;

(l) the Purchaser acknowledges that the Issuer will use its commercially reasonable efforts to obtain a final receipt for a Prospectus in British Columbia and Ontario and to procure the effectiveness of a Registration Statement in the U.S. within 90 days of the Closing;

(m) the Purchaser (or others for whom it is contracting hereunder) has been advised to consult its own legal and tax advisors with respect to applicable resale restrictions and tax considerations, and it (or others for whom it is contracting hereunder) is solely responsible for compliance with applicable resale restrictions and applicable tax legislation;

(n) the Purchaser has no knowledge of a "material fact" or "material change" (as those terms are defined in the Applicable Legislation) in the affairs of the Issuer that has not been generally disclosed to the public, save knowledge of this particular transaction;

(o) the offer made by this subscription is irrevocable (subject to the Purchaser's right to withdraw the subscription and to terminate the obligations as set out in this Agreement) and requires acceptance by the Issuer and approval of the TSE;

(p) the Purchaser has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant to the Subscription Agreement and, if the Purchaser is a corporation it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Agreement on behalf of the Purchaser;

(q) the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Purchaser or of any agreement, written or oral, to which the Purchaser may be a party or by which the Purchaser is or may be bound;

(r) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser;

(s) the Purchaser has been independently advised as to the applicable hold period imposed in respect of the Securities by securities legislation in the jurisdiction in which the Purchaser resides and confirms that no representation has been made respecting the applicable hold periods for the Securities and is

aware of the risks and other characteristics of the Securities and of the fact that the Purchaser may not be able to resell the Securities except in accordance with the applicable securities legislation and regulatory policies;

(t) the Purchaser, and any beneficial purchaser for whom the Purchaser is acting, is resident in the province or jurisdiction set out on the first (cover) page of this Agreement;

(u) the Purchaser is capable of assessing the proposed investment as a result of the Purchaser's financial experience or as a result of advice received from a registered person other than the Issuer or any affiliates of the Issuer;

(v) if required by applicable securities legislation, policy or order or by any securities commission, stock exchange or other regulatory authority, the Purchaser will execute, deliver, file and otherwise assist the Issuer in filing, such reports, undertakings and other documents with respect to the issue of the Securities as may be required;

(w) the Purchaser acknowledges that the Agent or Canaccord Europe will receive a commission, agent's warrants,a corporate finance fee and an administration fee from the Issuer in connection with this Private Placement;

(x) the Purchaser will not conduct hedging transactions involving the Shares unless in compliance with the Applicable Legislation;

(y) the Purchaser acknowledges that the Issuer will refuse, and has instructed its transfer agent to refuse, to register any transfers of the Purchased Securities or the underlying Shares, Warrants or Warrants Shares unless such transfer is made in accordance with regulations pursuant to, or registration under, the Applicable Legislation (including the U.S. Securities Act) or pursuant to an available exemption from such registration.

2.2 RELIANCE, INDEMNITY AND NOTIFICATION OF CHANGES

The representations and warranties in the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 12 to 19 and the other schedules and appendixes incorporated by reference) are made by the Purchaser with the intent that they be relied upon by the Issuer and the Agent in determining its suitability as a purchaser of Purchased Securities, and the Purchaser hereby agrees to indemnify the Issuer and the Agent against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance thereon. The Purchaser undertakes to notify the Issuer and the Agent immediately of any change in any representation, warranty or other information relating to the Purchaser set forth in the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 12 to 19 and the other schedules and appendixes incorporated by reference) which takes place prior to the Closing.

2.3 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained in this Section will survive the Closing.

3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

3.1 INCORPORATION BY REFERENCE FROM AGENCY AGREEMENT

The Issuer hereby makes in favour of the Purchaser the representations and warranties of the Issuer contained in the Agency Agreement. The Issuer will provide to the Purchaser, promptly on request and without charge, an extract from

the Agency Agreement certified by an officer of the Issuer as a true extract of the representations and warranties contained in the Agency Agreement.

3.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained in this Section will survive the Closing.

3.3 EXCLUSION OF LIABILITY OF AGENT

The Purchaser acknowledges that the Agent is acting as an agent in this transaction and that all warranties, conditions, representations or stipulations, other than those relating solely to the Agent, whether express or implied and whether arising hereunder or under prior agreement or statement or by statute or at common law are expressly those of the Issuer. The Purchaser acknowledges that no information or representation concerning the Issuer has been provided to the Purchaser by the Issuer, the Agent or Canaccord Europe other than those contained in the Subscription Agreement and the Agency Agreement and that the Purchaser is relying entirely upon the Subscription Agreement and the Agency Agreement. Any information given or statement made is given or made without liability or responsibility howsoever arising on the part of the Agent or Canaccord Europe. No person in the employment of, or acting as agent of, the Agent or Canaccord Europe has any authority to make or give any representation or warranty whatsoever in relation to the Issuer or the Securities. Any information given or statement made is given or made without liability or responsibility howsoever arising on the part of the Agent or Canaccord Europe, and the Purchaser hereby releases the Agent and Canaccord Europe from any claims that may arise in respect of any such information given or statement made.

4. WITHDRAWAL OF SUBSCRIPTION AND CONTRACTUAL RIGHTS

The Purchaser reserves the right to withdraw this subscription and to terminate its obligations hereunder at any time before Closing if the Agent terminates its obligations with respect to the Private Placement under the Agency Agreement and hereby appoints the Agent as its agent for the purpose of notifying the Issuer of the withdrawal or termination of this subscription.

If the Purchaser, who acquires Shares and Warrants on the deemed exercise of the Purchased Securities purchased by it, is or becomes entitled under the Applicable Legislation to the remedy of rescission by reason of the Prospectus or any amendment thereto containing a misrepresentation, the Purchaser will be entitled to rescission not only of the Purchaser's exercise of such Purchased Securities, but also of its subscription hereunder, and will be entitled in connection with such rescission to a full refund from the Issuer of all consideration paid to the Issuer on acquisition of such Purchased Securities. The foregoing is in addition to any other right or remedy available to the Purchaser under the Applicable Legislation or otherwise at law.

5. CLOSING

5.1 The Purchaser acknowledges that there is a risk that insufficient funds may be raised on the Closing to fund the Issuer's business objectives.

5.2 On or before the end of the fifth business day before the Closing Date, the Purchaser will deliver to the Issuer or the Agent the Subscription Agreement and all applicable schedules and required forms, duly executed, and payment in full for the total price of the Purchased Securities to be purchased by the Purchaser.

5.3 At Closing, the Issuer will deliver to the Agent the certificates representing the Purchased Securities purchased by the Purchaser registered in the name of the Purchaser or its nominee.

6. INDEMNITY IN CONNECTION WITH REGISTRATION STATEMENT

The Purchaser hereby indemnifies the Issuer, its affiliates, any person who signed the Registration Statement, and their respective officers, directors and control persons against all such losses, claims, damages, liabilities and expenses (including but not limited to reasonable expenses incurred in investigating, preparing and defending against any claim) insofar as they arise out of or are based upon or are caused by any untrue statement or alleged untrue statement or any omission or alleged omission based on written information furnished to the Issuer by or on behalf of the Purchaser for the inclusion in any Registration Statement or prospectus (and any amendments or supplements thereto).

7. MISCELLANEOUS

7.1 The Purchaser was introduced to the Issuer by the Agent or Canaccord Europe under the terms of the Agency Agreement.

7.2 The Purchaser agrees to sell, assign or transfer the Securities only in accordance with the requirements of Applicable Legislation and any legends placed on the Securities as contemplated by the Subscription Agreement.

7.3 The Purchaser hereby irrevocably authorizes the Agent, in its sole discretion:

(a) to act as the Purchaser's representative at the Closing, to receive certificates for Purchased Securities subscribed for and to execute in its name and on its behalf all closing receipts and documents required; and

(b) to waive, in whole or in part, any representations, warranties, covenants or conditions for the benefit of the Purchaser contained in the Subscription Agreement or in any agreement or document ancillary or related to the Private Placement.

7.4 The Purchaser hereby authorizes the Issuer to correct any minor errors in, or complete any minor information missing from any part of the Subscription Agreement and any other schedules, forms, certificates or documents executed by the Purchaser and delivered to the Issuer in connection with the Private Placement.

7.5 The Issuer and the Agent will be entitled to rely on delivery by fax machine of an executed copy of this subscription, and acceptance by the Issuer of such faxed copy will be equally effective to create a valid and binding agreement between the Purchaser and the Issuer in accordance with the terms of the Subscription Agreement.

7.6 Without limitation, this subscription and the transactions contemplated hereby are conditional upon and subject to the Issuer receiving the approval of the TSE and the AMEX to this subscription and the transactions contemplated hereby.

7.7 This agreement is not assignable or transferable by the parties hereto without the express written consent of the other party to this Agreement.

7.8 Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the Interpretation Act (British Columbia).

7.9 Except as expressly provided in this Agreement and in the agreements, instruments and other documents contemplated or provided for herein, this Agreement contains the entire agreement between the parties with respect to the Securities and there are no other terms, conditions, representations or warranties whether expressed, implied, oral or written, by statute, by common law, by the Issuer, by the Agent, or by anyone else.

7.10 The parties to this Agreement may amend this Agreement only in writing.

7.11 This Agreement enures to the benefit of and is binding upon the parties to this Agreement and their successors and permitted assigns.

7.12 A party to this Agreement will give all notices to or other written communications with the other party to this Agreement concerning this Agreement by hand or by registered mail addressed to the address given above.

7.13 This Agreement is to be read with all changes in gender or number as required by the context.

7.14 This Agreement will be governed by and construed in accordance with the internal laws of British Columbia (without reference to its rules governing the choice or conflict of laws), and the parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of British Columbia with respect to any dispute related to this Agreement.

END OF GENERAL PROVISIONS

END OF SUBSCRIPTION AGREEMENT

INSTRUCTIONS TO PURCHASER

1. Complete all the information in the boxes on page 1 and sign where indicated with an "X".

2. Complete the certification that starts on page 5 and sign where indicated with an "X" on page 7.

3. Complete the Toronto Stock Exchange private placement questionnaire and undertaking that starts on page 10 and sign where indicated with an "X" on page 11.

THIS IS PAGE 1 OF 16 PAGES OF A SUBSCRIPTION AGREEMENT AND RELATED APPENDIXES, SCHEDULES AND FORMS. COLLECTIVELY, THESE PAGES TOGETHER ARE REFERRED TO AS THE"SUBSCRIPTION AGREEMENT".

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT
(UNITED STATES AND OUTSIDE CANADA)

TO: GENETRONICS BIOMEDICAL CORPORATION (the "Issuer"),
San Diego, California, U.S.A.

Subject and pursuant to the terms set out in the Terms on pages 2 to 4, the General Provisions on pages 10 to 16 and the other schedules and appendixes incorporated by reference, the undersigned (the "Purchaser") hereby irrevocably subscribes for, and on Closing will purchase from the Issuer, the following securities at the following price:

_____ Special Warrants

USD 0.45 per Special Warrant for a total purchase price of USD _____

The Purchaser holds the following securities of the Issuer:

The Purchaser directs the Issuer to issue, register and deliver the certificates representing the Purchased Securities as follows:

REGISTRATION INSTRUCTIONS:	DELIVERY INSTRUCTIONS:
_____	_____
Name to appear on certificate	Name and account reference, if applicable
_____	_____
Account reference, if applicable	Contact name
_____	_____
Address	Address
_____	_____
	Telephone number

EXECUTED by the Purchaser this _____ day of _____, 2001.

WITNESS:	EXECUTION BY PURCHASER:
_____	X _____
Signature of witness	Signature of individual (if Purchaser IS an individual)
_____	X _____
Name of witness	Authorized signatory (if Purchaser is NOT an individual)
_____	_____
Address of witness	Name of Purchaser (PLEASE PRINT)
_____	_____
	Name of authorized signatory (PLEASE PRINT)
ACCEPTED this ___ day of _____, 2001.	
GENETRONICS BIOMEDICAL CORPORATION Per:	_____ Address of Purchaser (residence if an individual)
_____ Authorized signatory	

By signing this acceptance, the Issuer agrees to be bound by the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference.

TERMS

THE REFERENCE DATE OF THIS AGREEMENT (THE "AGREEMENT DATE")	November 1, 2001
	THE OFFERING
THE ISSUER	Genetronics Biomedical Corporation
THE AGENT	Canaccord Capital Corporation (which, together with any sub-agents, is referred to as the "Agent") has agreed to purchase the Special Warrants of the Issuer that are not sold to purchasers upon the terms and conditions of an agency agreement dated for reference the Agreement Date (the "Agency Agreement").
THE "OFFERING"	The offering consists of an aggregate of 5,212,494 non-transferable (except by the Agent to transferees in accordance with the Applicable Legislation) special warrants (the "Special Warrants") at USD 0.45 per Special Warrant for proceeds of USD 2,345,622.30. Each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"). Each whole Warrant may be exercised within 18 months from the date of issuance to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.
PROSPECTUS AND CONVERSION RATE INCREASE	The Issuer will use its commercially reasonable efforts to ensure that the Special Warrants and the underlying Shares and Warrant Shares will be qualified by a prospectus in Canada (the "Prospectus") and the resale of the Shares and Warrant Shares by the initial purchasers of the Special Warrants will be the subject of a registration statement in the U.S. (the "Registration Statement") (the day on which final receipt for the Prospectus is received by the Issuer and on which the Registration Statement becomes effective or, if different, the later of such dates, being the "Qualification Date"). The Issuer will use its commercially reasonable efforts to have the Qualification Date occur within 90 days of the Closing (the "Closing") of this Offering. If the Qualification Date does not occur within 90 days of Closing and if the Purchaser has provided to the Issuer all of the information required of them by the Issuer to permit the Issuer to file the Registration Statement, the Purchaser will receive a refund of 20% of the total purchase price paid for the Special Warrants.
ADDITIONAL PROVISIONS IN RESPECT OF THE SPECIAL WARRANTS	Each Special Warrant may be exercised by the Purchasers in whole or in part at any time after each Closing. If, however, the Special Warrants are exercised prior to the day on which a final receipt for the Prospectus is received by the Issuer, the Shares and Warrant Shares underlying the Special Warrants and Warrants, respectively, may not be traded in British Columbia for a period of six months from Closing and may not be traded in Ontario for a period of one year from Closing. If the Special Warrants are exercised prior to the day on which the Registration Statement becomes effective, the Shares and Warrant Shares underlying the Special Warrants will be subject to restrictions on trading under the U.S. Securities Act until at least one year from

	Closing. All unexercised Special Warrants will be deemed to be exercised on that day which is the fifth business day after the day on which final receipt for the Prospectus is received by the Issuer.
PURCHASED SECURITIES	The "Purchased Securities" are Special Warrants convertible into one

	common share and one-half share purchase warrant.
TOTAL AMOUNT	5,212,494 Special Warrants.
PRICE	USD 0.45 for total proceeds of USD 2,345,622.30.
WARRANTS	Subject to the Applicable Legislation and the rules and policies of the Toronto Stock Exchange and the American Stock Exchange, the Warrants will be non-transferable. The certificates representing the Warrants will contain, among other things, the complete provisions concerning the exercise of the Warrants and provisions for the appropriate adjustment in the class and number of the Warrant Shares issued upon conversion of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares of the Issuer, the payment of stock dividends and the merger of the Issuer. The Warrants will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights.
SELLING JURISDICTIONS	The United States, British Columbia, Ontario and certain offshore jurisdictions outside of Canada and the United States.
"CLOSING DATE"	November 23, 2001, or at such other date as agreed by the Issuer and the Agent.
LEGENDS	The certificates representing the Securities will be endorsed with only the following legends: THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A HOLD PERIOD AND MAY NOT BE TRADED IN BRITISH COLUMBIA UNTIL 12:01 A.M. ON [DATE SIX MONTHS AND ONE DAY FROM CLOSING] OR IN ONTARIO UNTIL 12:01 A.M. ON [IN THE CASE OF THE SPECIAL WARRANTS AND WARRANTS, DATE 18 MONTHS AND ONE DAY FROM CLOSING AND, IN THE CASE OF THE UNDERLYING SHARES, DATE ONE YEAR AND ONE DAY FROM CLOSING] EXCEPT AS PERMITTED BY THE TORONTO STOCK EXCHANGE AND THE APPLICABLE SECURITIES LEGISLATION IN THOSE JURISDICTIONS. THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.
	THE ISSUER
JURISDICTION OF ORGANIZATION	The Issuer is incorporated under the laws of Delaware.

AUTHORIZED AND OUTSTANDING CAPITAL	The authorized capital of the Issuer is 100,000,000 shares of common stock with a par value of $0.001 per share and 10,000,000 shares of preferred stock with a par value of $0.01 per share. As of October 1, 2001, the issued capital of the Issuer is 33,759,968 shares of common stock.
STOCK EXCHANGE LISTINGS	Shares of the Issuer are listed on the Toronto Stock Exchange (the "TSE") and the American Stock Exchange ("AMEX")
"SECURITIES LEGISLATION APPLICABLE TO THE ISSUER" OR "APPLICABLE LEGISLATION"	The Securities Act (Ontario), R.S.O. 1990, c. S.5, as amended (the "Ontario Act") (pursuant to which the Issuer is a "reporting issuer"), the Securities Act, R.S.B.C. 1996, c. 418, as amended (the "B.C. Act") (pursuant to which the Issuer is a "reporting issuer"), and the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") (to the extent that the U.S. Securities Act is applicable on the issuance of securities to U.S. Persons or to non-U.S. Persons under Regulation D, all of which terms are terms are defined below), together with the regulations and rules made and promulgated thereunder and all administrative policy statements, blanket orders and rulings, notices, and other administrative directions issued by the Commissions (as defined below), along with the rules and policies of the TSE (the "TSE Policies") and the rules and policies of the AMEX (the "AMEX Policies").
"APPLICABLE EXEMPTIONS"	The Offering is being made in accordance with the exemptions from, or the non-applicability of, the registration and prospectus requirements (the "Applicable Exemptions") of the Applicable Legislation as provided in an Interpretation Note regarding "offshore" distributions published by the Ontario Securities Commission, BCI 72-503 of the B.C. Securities Commission, sections 35(1)(5) and 72(1)(d) of the Ontario Act, sections 45(1)(5) and 74(2)(4) of the B.C. Act and Regulation D of the U.S. Securities Act.

END OF TERMS

SUBSCRIPTION AGREEMENT (WITH RELATED PAGE 5 OF 16 PAGES APPENDIXES, SCHEDULES AND FORMS)

CERTIFICATION FOR U.S. SECURITIES LAW COMPLIANCE

(Capitalized terms not specifically defined in this Certification have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached.)

In connection with the execution of the Subscription Agreement to which this Schedule is attached, the Purchaser represents and warrants to the Issuer that:

(a) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Purchased Securities and it is able to bear the economic risk of loss of its entire investment.

(b) The Issuer has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Issuer as it has considered necessary or appropriate in connection with its investment decision to acquire the Purchased Securities.

(c) It is acquiring the Purchased Securities for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Purchased Securities in violation of the United States securities laws.

(d) It understands the Purchased Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state of the United States and that the sale contemplated hereby is being made in reliance on an exemption from such registration requirements. It further understands that, while the Issuer has agreed to use its best efforts to file a registration statement in respect of the Purchaser's resale of the Shares and the Warrant Shares (the "Registration Statement"), in compliance with the U.S. Securities Act with the United States Securities and Exchange Commission, and to have the Registration Statement declared effective, there can be no assurance the Issuer will be able to do so. It also understands that it will be required to furnish certain information about it and its holdings of the Issuer's shares as part of the information that will be included in the Registration Statement.

(e) It satisfies one or more of the categories indicated below (please initial the appropriate lines):

____	Category 1.	An organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Purchased Securities, with total assets in excess of USD 5,000,000;
____	Category 2.	A natural person whose individual net worth, or joint net worth with that person's spouse, at the date of this Certification exceeds USD 1,000,000;
____	Category 3.	A natural person who had an individual income in excess of USD 200,000 in each of the two most recent years or joint income with that person's spouse in excess of USD 300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
____	Category 4.	A trust that (a) has total assets in excess of USD 5,000,000, (b) was not formed for the specific purpose of acquiring the Purchased Securities and (c) is directed in its purchases of securities by a person who has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of an investment in the Purchased Securities;
____	Category 5.	An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;
____	Category 6.	A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

____	Category 7.	A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940; or
____	Category 8.	An entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

(f) It has not purchased the Purchased Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, or television, or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(g) If it decides to offer, sell or otherwise transfer any of the Purchased Securities or the underlying Shares, Warrants or Warrant Shares, it will not offer, sell or otherwise transfer any of such securities directly or indirectly, unless:

(i) the sale is to the Issuer;

(ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;

(iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder and in accordance with any applicable state securities or "blue sky" laws;

(iv) the Purchased Securities are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Issuer an opinion of counsel reasonably satisfactory to the Issuer to the effect that such transaction does not require registration; or

(v) the sale is made pursuant to an effective registration statement filed under the U.S. Securities Act.

(h) The Purchased Securities and the underlying Shares, Warrants and Warrant Shares are "restricted securities" as that term is defined in the U.S. Securities Act, and the certificates representing the Purchased Securities and the Shares, Warrants and Warrant Shares issued upon conversion of the Purchased Securities, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws, will bear, on the face of such certificate, a legend in substantially the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

(i) It understands and agrees that there may be material tax consequences to the Purchaser of an acquisition or disposition of the Securities. The Issuer gives no opinion and makes no representation with respect to the tax consequences to the Purchaser under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such Securities.

(j) It understands and agrees that the financial statements of the Issuer have been prepared in accordance with Canadian generally accepted accounting principles with a reconciliation to United States generally accepted accounting principles.

(k) It consents to the Issuer making a notation on its records or giving instructions to any transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described in this Certification and the Subscription Agreement.

Dated _____ 2001.

X _____
Signature of individual (if Purchaser IS an individual)

X _____
Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

SUBSCRIPTION AGREEMENT (WITH RELATED PAGE 8 OF 16 PAGES APPENDIXES, SCHEDULES AND FORMS)

THE TORONTO STOCK EXCHANGE

PRIVATE PLACEMENT QUESTIONNAIRE AND UNDERTAKING

To be completed by each proposed private placement purchaser of listed securities or securities which are convertible into listed securities.

QUESTIONNAIRE

1. DESCRIPTION OF TRANSACTION

(a) Name of issuer of the securities (the "Issuer")

Genetronics Biomedical Corporation

(b) Number and class of securities to be purchased

_____ Special Warrants; each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"); each whole Warrant may be exercised within 18 months from the date of issuance to the Purchaser to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.

(c) Purchase price

USD 0.45 per Special Warrant

2. DETAILS OF PURCHASER

(a) Name of purchaser

(b) Address

(c) Names and addresses of persons having a greater than 10% beneficial interest in the purchaser

3. RELATIONSHIP TO ISSUER

(a) Is the purchaser (or any person named in response to 2(c) above) an insider of the Issuer for the purposes of the Ontario Securities Act (before giving effect to this private placement)? If so, state the capacity in which the purchaser (or person named in response to 2(c)) qualifies as an insider

(b) If the answer to (a) is "no", are the purchaser and the Issuer controlled by the same person or company? If so, give details

4. DEALINGS OF PURCHASER IN SECURITIES OF THE ISSUER

Give details of all trading by the purchaser, as principal, in the securities of the Issuer (other than debt securities which are not convertible into equity securities), directly or indirectly, within the 60 days preceding the date hereof

UNDERTAKING

TO: The Toronto Stock Exchange

The undersigned has subscribed for and agreed to purchase, as principal, the securities described in Item 1 of this Private Placement Questionnaire and Undertaking.

The undersigned undertakes not to sell or otherwise dispose of any of the said securities so purchased or any securities derived therefrom for a period that expires on the earlier of six months from the date of the closing of the transaction herein and the issuance of a receipt by the Ontario Securities Commission for a final prospectus qualifying the distribution of the Shares and the Warrants, without the prior consent of The Toronto Stock Exchange and any other regulatory body having jurisdiction.

Dated _____ 2001.

X _____
Signature of individual (if Purchaser IS an individual)

X _____
Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

GENERAL PROVISIONS

1. DEFINITIONS

1.1 In the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference), the following words have the following meanings unless otherwise indicated:

(a) "Agent" has the meaning assigned in the Terms;

(b) "Applicable Legislation" means the Securities Legislation Applicable to the Issuer (as defined on page 4) and all legislation incorporated in the definition of this term in other parts of the Subscription Agreement, together with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by the Commissions;

(c) "Canaccord Europe" means Canaccord Capital (Europe) Limited;

(d) "Closing" means the completion of the sale and purchase of the Purchased Securities;

(e) "Closing Date" has the meaning assigned in the Terms;

(f) "Commissions" means the B.C. Securities Commission, the Ontario Securities Commission and the SEC;

(g) "General Provisions" means those portions of the Subscription Agreement headed "General Provisions" and contained on page 1 to 8;

(h) "Private Placement" means the offering of the Purchased Securities on the terms and conditions of the Agency Agreement and this Subscription Agreement;

(i) "Purchased Securities" has the meaning assigned in the Terms;

(j) "Regulation D" means Regulation D promulgated under the U.S. Securities Act;

(k) "Regulation S" means Regulation S promulgated under the U.S. Securities Act;

(l) "Regulatory Authorities" means the Commissions and the TSE;

(m) "SEC" means the Securities and Exchange Commission of the United States;

(n) "Securities" means the Special Warrants, the Shares, the Warrants and the Warrant Shares;

(o) "Subscription Agreement" means the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference;

(p) "Terms" means those portions of the Subscription Agreement headed "Terms" and contained on page 2 to 4; and

(q) "U.S. Securities Act" means the Securities Act of 1933 (United States of America), as amended.

1.2 In the Subscription Agreement, the following terms have the meanings defined in Regulation S: "U.S. Person" and "United States".

1.3 In the Subscription Agreement, unless otherwise specified, currencies are indicated with the ISO 4217 currency code so that United States dollars are indicated with the prefix "USD".

1.4 In the Subscription Agreement, other words and phrases that are capitalized have the meaning assigned in the Subscription Agreement.

2. REPRESENTATIONS AND WARRANTIES OF PURCHASER

2.1 REPRESENTATIONS BY PURCHASER

The Purchaser represents and warrants to the Issuer that, as at the Agreement Date and at the Closing:

(a) no prospectus has been filed by the Issuer with the Commissions in connection with the issuance of the Purchased Securities, the issuance is exempted from the prospectus requirements of the Applicable Legislation and:

(i) the Purchaser is restricted from using most of the civil remedies available under the Applicable Legislation;

(ii) the Purchaser may not receive information that would otherwise be required to be provided to the Purchaser under the Applicable Legislation; and

(iii) the Issuer is relieved from certain obligations that would otherwise apply under the Applicable Legislation;

(b) to the best of the Purchaser's knowledge, the Purchased Securities were not advertised;

(c) no person has made to the Purchaser any written or oral representations:

(i) that any person will resell or repurchase the Securities;

(ii) that any person will refund the purchase price of the Purchased Securities;

(iii) as to the future price or value of any of the Securities; or

(iv) that the Securities will be listed and posted for trading on a stock exchange or that application has been made to list and post the Securities for trading on a stock exchange, other than the TSE and AMEX;

(d) the Purchaser is not resident in British Columbia or Ontario;

(e) the Purchaser is not a person, company or combination of persons or companies that is a "control person" of the Issuer as defined in the Applicable Legislation, will not become a "control person" by virtue of this purchase of any of the Securities, and does not intend to act in concert with any other person to form a control group of the Issuer;

(f) the Purchaser acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;

(ii) there is no government or other insurance covering the Securities;

(iii) there are risks associated with the purchase of the Securities;

(iv) there are restrictions on the Purchaser's ability to resell the Securities and it is the responsibility of the Purchaser to find out what those restrictions are and to comply with them before selling the Securities; and

(v) the Issuer has advised the Purchaser that the Issuer is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell securities through a person registered to sell securities under the Applicable Legislation and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Legislation, including statutory rights of rescission or damages, will not be available to the Purchaser;

(g) this subscription has not been solicited in any other manner contrary to the Applicable Legislation;

(h) the Purchaser is at arm's length (as that term is customarily defined) with the Issuer;

(i) the Purchaser acknowledges that the Securities are subject to restrictions on trading in British Columbia and Ontario as described in the section headed "Legends" on page 3;

(j) the Purchaser acknowledges that the Securities have not been registered under the U.S. Securities Act and may not be offered or sold unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available;

(k) the Purchaser acknowledges that the Issuer will use its commercially reasonable efforts to obtain a final receipt for a Prospectus in British Columbia and Ontario and to procure the effectiveness of a Registration Statement in the U.S. within 90 days of the Closing;

(l) the Purchaser (or others for whom it is contracting hereunder) has been advised to consult its own legal and tax advisors with respect to applicable resale restrictions and tax considerations, and it (or others for whom it is contracting hereunder) is solely responsible for compliance with applicable resale restrictions and applicable tax legislation;

(m) the Purchaser has no knowledge of a "material fact" or "material change" (as those terms are defined in the Applicable Legislation) in the affairs of the Issuer that has not been generally disclosed to the public, save knowledge of this particular transaction;

(n) the offer made by this subscription is irrevocable (subject to the Purchaser's right to withdraw the subscription and to terminate the obligations as set out in this Agreement) and requires acceptance by the Issuer and approval of the TSE;

(o) the Purchaser has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant to the Subscription Agreement and, if the Purchaser is a corporation it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Agreement on behalf of the Purchaser;

(p) the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Purchaser or of any agreement, written or oral, to which the Purchaser may be a party or by which the Purchaser is or may be bound;

(q) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser;

(r) the Purchaser has been independently advised as to the applicable hold period imposed in respect of the Securities by securities legislation in the jurisdiction in which the Purchaser resides and confirms that no representation has been made respecting the applicable hold periods for the Securities and is

aware of the risks and other characteristics of the Securities and of the fact that the Purchaser may not be able to resell the Securities except in accordance with the applicable securities legislation and regulatory policies;

(s) the Purchaser, and any beneficial purchaser for whom the Purchaser is acting, is resident in the state or jurisdiction set out on the first (cover) page of this Agreement;

(t) the Purchaser is capable of assessing the proposed investment as a result of the Purchaser's financial experience or as a result of advice received from a registered person other than the Issuer or any affiliates of the Issuer;

(u) if required by applicable securities legislation, policy or order or by any securities commission, stock exchange or other regulatory authority, the Purchaser will execute, deliver, file and otherwise assist the Issuer in filing, such reports, undertakings and other documents with respect to the issue of the Securities as may be required;

(v) the Purchaser acknowledges that the Agent or Canaccord Europe will receive a commission, agent's warrants,a corporate finance fee and an administration fee from the Issuer in connection with this Private Placement;

(w) the Purchaser will not conduct hedging transactions involving the Shares unless in compliance with the Applicable Legislation;

(x) the Purchaser acknowledges that the Issuer will refuse, and has instructed its transfer agent to refuse, to register any transfers of the Purchased Securities or the underlying Shares, Warrants or Warrants Shares unless such transfer is made in accordance with regulations pursuant to, or registration under, the Applicable Legislation (including the U.S. Securities Act) or pursuant to an available exemption from such registration.

2.2 RELIANCE, INDEMNITY AND NOTIFICATION OF CHANGES

The representations and warranties in the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference) are made by the Purchaser with the intent that they be relied upon by the Issuer and the Agent in determining its suitability as a purchaser of Purchased Securities, and the Purchaser hereby agrees to indemnify the Issuer and the Agent against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance thereon. The Purchaser undertakes to notify the Issuer and the Agent immediately of any change in any representation, warranty or other information relating to the Purchaser set forth in the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference) which takes place prior to the Closing.

2.3 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained in this Section will survive the Closing.

3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

3.1 INCORPORATION BY REFERENCE FROM AGENCY AGREEMENT

The Issuer hereby makes in favour of the Purchaser the representations and warranties of the Issuer contained in the Agency Agreement. The Issuer will provide to the Purchaser, promptly on request and without charge, an extract from

the Agency Agreement certified by an officer of the Issuer as a true extract of the representations and warranties contained in the Agency Agreement.

3.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained in this Section will survive the Closing.

3.3 EXCLUSION OF LIABILITY OF AGENT

The Purchaser acknowledges that the Agent is acting as an agent in this transaction and that all warranties, conditions, representations or stipulations, other than those relating solely to the Agent, whether express or implied and whether arising hereunder or under prior agreement or statement or by statute or at common law are expressly those of the Issuer. The Purchaser acknowledges that no information or representation concerning the Issuer has been provided to the Purchaser by the Issuer, the Agent or Canaccord Europe other than those contained in the Subscription Agreement and the Agency Agreement and that the Purchaser is relying entirely upon the Subscription Agreement and the Agency Agreement. Any information given or statement made is given or made without liability or responsibility howsoever arising on the part of the Agent or Canaccord Europe. No person in the employment of, or acting as agent of, the Agent or Canaccord Europe has any authority to make or give any representation or warranty whatsoever in relation to the Issuer or the Securities. Any information given or statement made is given or made without liability or responsibility howsoever arising on the part of the Agent or Canaccord Europe, and the Purchaser hereby releases the Agent and Canaccord Europe from any claims that may arise in respect of any such information given or statement made.

4. WITHDRAWAL OF SUBSCRIPTION AND CONTRACTUAL RIGHTS

The Purchaser reserves the right to withdraw this subscription and to terminate its obligations hereunder at any time before Closing if the Agent terminates its obligations with respect to the Private Placement under the Agency Agreement and hereby appoints the Agent as its agent for the purpose of notifying the Issuer of the withdrawal or termination of this subscription.

If the Purchaser, who acquires Shares and Warrants on the deemed exercise of the Purchased Securities purchased by it, is or becomes entitled under the Applicable Legislation to the remedy of rescission by reason of the Prospectus or any amendment thereto containing a misrepresentation, the Purchaser will be entitled to rescission not only of the Purchaser's exercise of such Purchased Securities, but also of its subscription hereunder, and will be entitled in connection with such rescission to a full refund from the Issuer of all consideration paid to the Issuer on acquisition of such Purchased Securities. The foregoing is in addition to any other right or remedy available to the Purchaser under the Applicable Legislation or otherwise at law.

5. CLOSING

5.1 The Purchaser acknowledges that there is a risk that insufficient funds may be raised on the Closing to fund the Issuer's business objectives.

5.2 On or before the end of the fifth business day before the Closing Date, the Purchaser will deliver to the Issuer or the Agent the Subscription Agreement and all applicable schedules and required forms, duly executed, and payment in full for the total price of the Purchased Securities to be purchased by the Purchaser.

5.3 At Closing, the Issuer will deliver to the Agent the certificates representing the Purchased Securities purchased by the Purchaser registered in the name of the Purchaser or its nominee.

6. INDEMNITY IN CONNECTION WITH REGISTRATION STATEMENT

The Purchaser hereby indemnifies the Issuer, its affiliates, any person who signed the Registration Statement, and their respective officers, directors and control persons against all such losses, claims, damages, liabilities and expenses (including but not limited to reasonable expenses incurred in investigating, preparing and defending against any claim) insofar as they arise out of or are based upon or are caused by any untrue statement or alleged untrue statement or any omission or alleged omission based on written information furnished to the Issuer by or on behalf of the Purchaser for the inclusion in any Registration Statement or prospectus (and any amendments or supplements thereto).

7. MISCELLANEOUS

7.1 The Purchaser was introduced to the Issuer by the Agent or Canaccord Europe under the terms of the Agency Agreement.

7.2 The Purchaser agrees to sell, assign or transfer the Securities only in accordance with the requirements of Applicable Legislation and any legends placed on the Securities as contemplated by the Subscription Agreement.

7.3 The Purchaser hereby irrevocably authorizes the Agent, in its sole discretion:

(a) to act as the Purchaser's representative at the Closing, to receive certificates for Purchased Securities subscribed for and to execute in its name and on its behalf all closing receipts and documents required; and

(b) to waive, in whole or in part, any representations, warranties, covenants or conditions for the benefit of the Purchaser contained in the Subscription Agreement or in any agreement or document ancillary or related to the Private Placement.

7.4 The Purchaser hereby authorizes the Issuer to correct any minor errors in, or complete any minor information missing from any part of the Subscription Agreement and any other schedules, forms, certificates or documents executed by the Purchaser and delivered to the Issuer in connection with the Private Placement.

7.5 The Issuer and the Agent will be entitled to rely on delivery by fax machine of an executed copy of this subscription, and acceptance by the Issuer of such faxed copy will be equally effective to create a valid and binding agreement between the Purchaser and the Issuer in accordance with the terms of the Subscription Agreement.

7.6 Without limitation, this subscription and the transactions contemplated hereby are conditional upon and subject to the Issuer receiving the approval of the TSE and the AMEX to this subscription and the transactions contemplated hereby.

7.7 This agreement is not assignable or transferable by the parties hereto without the express written consent of the other party to this Agreement.

7.8 Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the Interpretation Act (British Columbia).

7.9 Except as expressly provided in this Agreement and in the agreements, instruments and other documents contemplated or provided for herein, this Agreement contains the entire agreement between the parties with respect to the Securities and there are no other terms, conditions, representations or warranties whether expressed, implied, oral or written, by statute, by common law, by the Issuer, by the Agent, or by anyone else.

7.10 The parties to this Agreement may amend this Agreement only in writing.

7.11 This Agreement enures to the benefit of and is binding upon the parties to this Agreement and their successors and permitted assigns.

7.12 A party to this Agreement will give all notices to or other written communications with the other party to this Agreement concerning this Agreement by hand or by registered mail addressed to the address given above.

7.13 This Agreement is to be read with all changes in gender or number as required by the context.

7.14 This Agreement will be governed by and construed in accordance

with the internal laws of British Columbia (without reference to its rules governing the choice or conflict of laws), and the parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of British Columbia with respect to any dispute related to this Agreement.

END OF GENERAL PROVISIONS

END OF SUBSCRIPTION AGREEMENT

INSTRUCTIONS TO PURCHASER

1. Complete all the information in the boxes on page 1 and sign where indicated with an "X".

2. Complete the certification that starts on page 5 and sign where indicated with an "X" on page 7.

3. Complete the Toronto Stock Exchange private placement questionnaire and undertaking that starts on page 10 and sign where indicated with an "X" on page 11.

THIS IS PAGE 1 OF 16 PAGES OF A SUBSCRIPTION AGREEMENT AND RELATED APPENDIXES, SCHEDULES AND FORMS. COLLECTIVELY, THESE PAGES TOGETHER ARE REFERRED TO AS THE "SUBSCRIPTION AGREEMENT".

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT
(UNITED STATES AND OUTSIDE CANADA)

TO: GENETRONICS BIOMEDICAL CORPORATION (the "Issuer"),
San Diego, California, U.S.A.

Subject and pursuant to the terms set out in the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference, the undersigned (the "Purchaser") hereby irrevocably subscribes for, and on Closing will purchase from the Issuer, the following securities at the following price:

_____ Special Warrants

USD 0.50 per Special Warrant for a total purchase price of USD _____

The Purchaser holds the following securities of the Issuer:

The Purchaser directs the Issuer to issue, register and deliver the certificates representing the Purchased Securities as follows:

REGISTRATION INSTRUCTIONS:	DELIVERY INSTRUCTIONS:
_____	_____
Name to appear on certificate	Name and account reference, if applicable
_____	_____
Account reference, if applicable	Contact name
_____	_____
Address	Address
_____	_____
	Telephone number

EXECUTED by the Purchaser this _____ day of _____, 2001.

WITNESS:	EXECUTION BY PURCHASER:
_____	X _____
Signature of witness	Signature of individual (if Purchaser IS an individual)
_____	X _____
Name of witness	Authorized signatory (if Purchaser is NOT an individual)
_____	_____
Address of witness	Name of Purchaser (PLEASE PRINT)
_____	_____
	Name of authorized signatory (PLEASE PRINT)
ACCEPTED this ___ day of _____, 2001.	
GENETRONICS BIOMEDICAL CORPORATION Per:	_____ Address of Purchaser (residence if an individual)
_____ Authorized signatory	

By signing this acceptance, the Issuer agrees to be bound by the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference.

TERMS

THE REFERENCE DATE OF THIS AGREEMENT (THE "AGREEMENT DATE")	October 1, 2001
	THE OFFERING
THE ISSUER	Genetronics Biomedical Corporation
THE AGENT	The offering is made on a commercially reasonable efforts basis by Canaccord Capital (Europe) Limited (which, together with any sub-agents, is referred to as the "Agent") under an agency agreement dated for reference the Agreement Date (the "Agency Agreement").
THE "OFFERING"	The offering consists of up to an aggregate of 4,389,468 non-transferable special warrants (the "Special Warrants") at USD 0.50 per Special Warrant for proceeds of up to USD 2,194,734. Each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"). Each whole Warrant may be exercised within 18 months from the date of issuance to the Purchaser to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.
PROSPECTUS AND CONVERSION RATE INCREASE	The Issuer will use its commercially reasonable efforts to ensure that the Special Warrants and the underlying Shares and Warrant Shares will be qualified by a prospectus in Canada (the "Prospectus") and the resale of the Shares and Warrant Shares by the initial purchasers of the Special Warrants will be the subject of a registration statement in the U.S. (the "Registration Statement") (the day on which final receipt for the Prospectus is received by the Issuer and on which the Registration Statement becomes effective or, if different, the later of such dates, being the "Qualification Date"). The Issuer will use its commercially reasonable efforts to have the Qualification Date occur within 90 days of the final closing (the "Final Closing") of this Offering. If the Qualification Date does not occur within 90 days of Final Closing and if the Purchaser has provided to the Issuer all of the information required of them by the Issuer to permit the Issuer to file the Registration Statement, the Purchaser will receive 1.2 Shares and 0.6 Warrants for each Special Warrant converted.
ADDITIONAL PROVISIONS IN RESPECT OF THE SPECIAL WARRANTS	Each Special Warrant may be exercised by the Purchasers in whole or in part at any time after each Closing. If, however, the Special Warrants are exercised prior to the day on which a final receipt for the Prospectus is received by the Issuer, the Shares and Warrant Shares underlying the Special Warrants and Warrants, respectively, may not be traded in British Columbia for a period of six months from Closing and may not be traded in Ontario for a period of one year from Closing. If the Special Warrants are exercised prior to the day on which the Registration Statement becomes effective, the Shares and Warrant Shares underlying the Special Warrants will be subject to restrictions on trading under the U.S. Securities Act until at least one year from Closing.

	All unexercised Special Warrants will be deemed to be exercised on that day which is the fifth business day after the day on which final receipt for the Prospectus is received by the Issuer.
PURCHASED SECURITIES	The "Purchased Securities" are Special Warrants convertible into one common share and one-half share purchase warrant.

TOTAL AMOUNT	A maximum of 4,389,468 Special Warrants.
PRICE	USD 0.50 for maximum total proceeds of USD 2,194,734.
WARRANTS	Subject to the Applicable Legislation and the rules and policies of the Toronto Stock Exchange and the American Stock Exchange, the Warrants will be non-transferable. The certificates representing the Warrants will contain, among other things, the complete provisions concerning the exercise of the Warrants and provisions for the appropriate adjustment in the class and number of the Warrant Shares issued upon conversion of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares of the Issuer, the payment of stock dividends and the merger of the Issuer. The Warrants will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights.
SELLING JURISDICTIONS	The United States, British Columbia, Ontario and certain offshore jurisdictions outside of Canada and the United States.
"CLOSING DATE"	October 17, 2001, or at such other date as agreed by the Issuer and the Agent.
LEGENDS	The certificates representing the Securities will be endorsed with only the following legends: THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A HOLD PERIOD AND MAY NOT BE TRADED IN BRITISH COLUMBIA UNTIL 12:01 A.M. ON [DATE SIX MONTHS AND ONE DAY FROM CLOSING] OR IN ONTARIO UNTIL 12:01 A.M. ON [IN THE CASE OF THE SPECIAL WARRANTS AND WARRANTS, DATE 18 MONTHS AND ONE DAY FROM CLOSING AND, IN THE CASE OF THE UNDERLYING SHARES, DATE ONE YEAR AND ONE DAY FROM CLOSING] EXCEPT AS PERMITTED BY THE TORONTO STOCK EXCHANGE AND THE APPLICABLE SECURITIES LEGISLATION IN THOSE JURISDICTIONS. THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.
	THE ISSUER
JURISDICTION OF ORGANIZATION	The Issuer is incorporated under the laws of Delaware.
AUTHORIZED AND OUTSTANDING CAPITAL	The authorized capital of the Issuer is 100,000,000 shares of common stock with a par value of $0.001 per share and 10,000,000 shares of preferred stock

	with a par value of $0.01 per share. As of October 1, 2001, the issued capital of the Issuer is 33,759,968 shares of common stock.
STOCK EXCHANGE LISTINGS	Shares of the Issuer are listed on the Toronto Stock Exchange (the "TSE") and the American Stock Exchange ("AMEX")
"SECURITIES LEGISLATION APPLICABLE TO THE ISSUER" OR "APPLICABLE LEGISLATION"	The Securities Act (Ontario), R.S.O. 1990, c. S.5, as amended (the "Ontario Act") (pursuant to which the Issuer is a "reporting issuer"), the Securities Act, R.S.B.C. 1996, c. 418, as amended (the "B.C. Act") (pursuant to which the Issuer is a "reporting issuer"), and the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") (to the extent that the U.S. Securities Act is applicable on the issuance of securities to U.S. Persons or to non-U.S. Persons under Regulation D, all of which terms are terms are defined below), together with the regulations and rules made and promulgated thereunder and all administrative policy statements, blanket orders and rulings, notices, and other administrative directions issued by the Commissions (as defined below), along with the rules and policies of the TSE (the "TSE Policies") and the rules and policies of the AMEX (the "AMEX Policies").
"APPLICABLE EXEMPTIONS"	The Offering is being made in accordance with the exemptions from, or the non-applicability of, the registration and prospectus requirements (the "Applicable Exemptions") of the Applicable Legislation as provided in an Interpretation Note regarding "offshore" distributions published by the Ontario Securities Commission, BCI 72-503 of the B.C. Securities Commission, sections 35(1)(5) and 72(1)(d) of the Ontario Act, sections 45(1)(5) and 74(2)(4) of the B.C. Act and Regulation D of the U.S. Securities Act.

END OF TERMS

SUBSCRIPTION AGREEMENT (WITH RELATED PAGE 5 OF 16 PAGES APPENDIXES, SCHEDULES AND FORMS)

CERTIFICATION FOR U.S. SECURITIES LAW COMPLIANCE

(Capitalized terms not specifically defined in this Certification have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached.)

In connection with the execution of the Subscription Agreement to which this Schedule is attached, the Purchaser represents and warrants to the Issuer that:

(a) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Purchased Securities and it is able to bear the economic risk of loss of its entire investment.

(b) The Issuer has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Issuer as it has considered necessary or appropriate in connection with its investment decision to acquire the Purchased Securities.

(c) It is acquiring the Purchased Securities for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Purchased Securities in violation of the United States securities laws.

(d) It understands the Purchased Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state of the United States and that the sale contemplated hereby is being made in reliance on an exemption from such registration requirements. It further understands that, while the Issuer has agreed to use its best efforts to file a registration statement in respect of the Purchaser's resale of the Shares and the Warrant Shares (the "Registration Statement"), in compliance with the U.S. Securities Act with the United States Securities and Exchange Commission, and to have the Registration Statement declared effective, there can be no assurance the Issuer will be able to do so. It also understands that it will be required to furnish certain information about it and its holdings of the Issuer's shares as part of the information that will be included in the Registration Statement.

(e) It satisfies one or more of the categories indicated below (please initial the appropriate lines):

____	Category 1.	An organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Purchased Securities, with total assets in excess of USD 5,000,000;
____	Category 2.	A natural person whose individual net worth, or joint net worth with that person's spouse, at the date of this Certification exceeds USD 1,000,000;
____	Category 3.	A natural person who had an individual income in excess of USD 200,000 in each of the two most recent years or joint income with that person's spouse in excess of USD 300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
____	Category 4.	A trust that (a) has total assets in excess of USD 5,000,000, (b) was not formed for the specific purpose of acquiring the Purchased Securities and (c) is directed in its purchases of securities by a person who has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of an investment in the Purchased Securities;
____	Category 5.	An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;
____	Category 6.	A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

____	Category 7.	A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940; or
____	Category 8.	An entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

(f) It has not purchased the Purchased Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, or television, or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(g) If it decides to offer, sell or otherwise transfer any of the Purchased Securities or the underlying Shares, Warrants or Warrant Shares, it will not offer, sell or otherwise transfer any of such securities directly or indirectly, unless:

(i) the sale is to the Issuer;

(ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;

(iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder and in accordance with any applicable state securities or "blue sky" laws;

(iv) the Purchased Securities are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Issuer an opinion of counsel reasonably satisfactory to the Issuer to the effect that such transaction does not require registration; or

(v) the sale is made pursuant to an effective registration statement filed under the U.S. Securities Act.

(h) The Purchased Securities and the underlying Shares, Warrants and Warrant Shares are "restricted securities" as that term is defined in the U.S. Securities Act, and the certificates representing the Purchased Securities and the Shares, Warrants and Warrant Shares issued upon conversion of the Purchased Securities, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws, will bear, on the face of such certificate, a legend in substantially the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

(i) It understands and agrees that there may be material tax consequences to the Purchaser of an acquisition or disposition of the Securities. The Issuer gives no opinion and makes no representation with respect to the tax consequences to the Purchaser under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such Securities.

(j) It understands and agrees that the financial statements of the Issuer have been prepared in accordance with Canadian generally accepted accounting principles with a reconciliation to United States generally accepted accounting principles.

(k) It consents to the Issuer making a notation on its records or giving instructions to any transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described in this Certification and the Subscription Agreement.

Dated _____ 2001.

X _____
Signature of individual (if Purchaser IS an individual)

X _____
Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

SUBSCRIPTION AGREEMENT (WITH RELATED PAGE 8 OF 16 PAGES APPENDIXES, SCHEDULES AND FORMS)

THE TORONTO STOCK EXCHANGE

PRIVATE PLACEMENT QUESTIONNAIRE AND UNDERTAKING

To be completed by each proposed private placement purchaser of listed securities or securities which are convertible into listed securities.

QUESTIONNAIRE

1. DESCRIPTION OF TRANSACTION

(a) Name of issuer of the securities (the "Issuer")

Genetronics Biomedical Corporation

(b) Number and class of securities to be purchased

_____ Special Warrants; each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"); each whole Warrant may be exercised within 18 months from the date of issuance to the Purchaser to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.

(c) Purchase price

USD 0.50 per Special Warrant

2. DETAILS OF PURCHASER

(a) Name of purchaser

(b) Address

(c) Names and addresses of persons having a greater than 10% beneficial interest in the purchaser

3. RELATIONSHIP TO ISSUER

(a) Is the purchaser (or any person named in response to 2(c) above) an insider of the Issuer for the purposes of the Ontario Securities Act (before giving effect to this private placement)? If so, state the capacity in which the purchaser (or person named in response to 2(c)) qualifies as an insider

(b) If the answer to (a) is "no", are the purchaser and the Issuer controlled by the same person or company? If so, give details

4. DEALINGS OF PURCHASER IN SECURITIES OF THE ISSUER

Give details of all trading by the purchaser, as principal, in the securities of the Issuer (other than debt securities which are not convertible into equity securities), directly or indirectly, within the 60 days preceding the date hereof

UNDERTAKING

TO: The Toronto Stock Exchange

The undersigned has subscribed for and agreed to purchase, as principal, the securities described in Item 1 of this Private Placement Questionnaire and Undertaking.

The undersigned undertakes not to sell or otherwise dispose of any of the said securities so purchased or any securities derived therefrom for a period that expires on the earlier of six months from the date of the closing of the transaction herein and the issuance of a receipt by the Ontario Securities Commission for a final prospectus qualifying the distribution of the Shares and the Warrants, without the prior consent of The Toronto Stock Exchange and any other regulatory body having jurisdiction.

Dated _____ 2001.

X _____
Signature of individual (if Purchaser IS an individual)

X _____
Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

GENERAL PROVISIONS

1. DEFINITIONS

1.1 In the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference), the following words have the following meanings unless otherwise indicated:

(a) "Agent" has the meaning assigned in the Terms;

(b) "Applicable Legislation" means the Securities Legislation Applicable to the Issuer (as defined on page 4) and all legislation incorporated in the definition of this term in other parts of the Subscription Agreement, together with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by the Commissions;

(c) "Closing" means the completion of the sale and purchase of the Purchased Securities;

(d) "Closing Date" has the meaning assigned in the Terms;

(e) "Commissions" means the B.C. Securities Commission, the Ontario Securities Commission and the SEC;

(f) "Final Closing" means the last closing under the Private Placement;

(g) "General Provisions" means those portions of the Subscription Agreement headed "General Provisions" and contained on page 1 to 8;

(h) "Private Placement" means the offering of the Purchased Securities on the terms and conditions of the Agency Agreement and this Subscription Agreement;

(i) "Purchased Securities" has the meaning assigned in the Terms;

(j) "Regulation D" means Regulation D promulgated under the U.S. Securities Act;

(k) "Regulation S" means Regulation S promulgated under the U.S. Securities Act;

(l) "Regulatory Authorities" means the Commissions and the TSE;

(m) "SEC" means the Securities and Exchange Commission of the United States;

(n) "Securities" means the Special Warrants, the Shares, the Warrants and the Warrant Shares;

(o) "Subscription Agreement" means the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference;

(p) "Terms" means those portions of the Subscription Agreement headed "Terms" and contained on page 2 to 4; and

(q) "U.S. Securities Act" means the Securities Act of 1933 (United States of America), as amended.

1.2 In the Subscription Agreement, the following terms have the meanings defined in Regulation S: "U.S. Person" and "United States".

1.3 In the Subscription Agreement, unless otherwise specified, currencies are indicated with the ISO 4217 currency code so that United States dollars are indicated with the prefix "USD".

1.4 In the Subscription Agreement, other words and phrases that are capitalized have the meaning assigned in the Subscription Agreement.

2. REPRESENTATIONS AND WARRANTIES OF PURCHASER

2.1 REPRESENTATIONS BY PURCHASER

The Purchaser represents and warrants to the Issuer that, as at the Agreement Date and at the Closing:

(a) no prospectus has been filed by the Issuer with the Commissions in connection with the issuance of the Purchased Securities, the issuance is exempted from the prospectus requirements of the Applicable Legislation and:

(i) the Purchaser is restricted from using most of the civil remedies available under the Applicable Legislation;

(ii) the Purchaser may not receive information that would otherwise be required to be provided to the Purchaser under the Applicable Legislation; and

(iii) the Issuer is relieved from certain obligations that would otherwise apply under the Applicable Legislation;

(b) to the best of the Purchaser's knowledge, the Purchased Securities were not advertised;

(c) no person has made to the Purchaser any written or oral representations:

(i) that any person will resell or repurchase the Securities;

(ii) that any person will refund the purchase price of the Purchased Securities;

(iii) as to the future price or value of any of the Securities; or

(iv) that the Securities will be listed and posted for trading on a stock exchange or that application has been made to list and post the Securities for trading on a stock exchange, other than the TSE and AMEX;

(d) the Purchaser is not resident in British Columbia or Ontario;

(e) the Purchaser is not a person, company or combination of persons or companies that is a "control person" of the Issuer as defined in the Applicable Legislation, will not become a "control person" by virtue of this purchase of any of the Securities, and does not intend to act in concert with any other person to form a control group of the Issuer;

(f) the Purchaser acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;

(ii) there is no government or other insurance covering the Securities;

(iii) there are risks associated with the purchase of the Securities;

(iv) there are restrictions on the Purchaser's ability to resell the Securities and it is the responsibility of the Purchaser to find out what those restrictions are and to comply with them before selling the Securities; and

(v) the Issuer has advised the Purchaser that the Issuer is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell securities through a person registered to sell securities under the Applicable Legislation and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Legislation, including statutory rights of rescission or damages, will not be available to the Purchaser;

(g) this subscription has not been solicited in any other manner contrary to the Applicable Legislation;

(h) the Purchaser is at arm's length (as that term is customarily defined) with the Issuer;

(i) the Purchaser acknowledges that the Securities are subject to restrictions on trading in British Columbia and Ontario as described in the section headed "Legends" on page 3;

(j) the Purchaser acknowledges that the Securities have not been registered under the U.S. Securities Act and may not be offered or sold unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available;

(k) the Purchaser acknowledges that the Issuer will use its commercially reasonable efforts to obtain a final receipt for a Prospectus in British Columbia and Ontario and to procure the effectiveness of a Registration Statement in the U.S. within 90 days of the Final Closing;

(l) the Purchaser (or others for whom it is contracting hereunder) has been advised to consult its own legal and tax advisors with respect to applicable resale restrictions and tax considerations, and it (or others for whom it is contracting hereunder) is solely responsible for compliance with applicable resale restrictions and applicable tax legislation;

(m) the Purchaser has no knowledge of a "material fact" or "material change" (as those terms are defined in the Applicable Legislation) in the affairs of the Issuer that has not been generally disclosed to the public, save knowledge of this particular transaction;

(n) the offer made by this subscription is irrevocable (subject to the Purchaser's right to withdraw the subscription and to terminate the obligations as set out in this Agreement) and requires acceptance by the Issuer and approval of the TSE;

(o) the Purchaser has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant to the Subscription Agreement and, if the Purchaser is a corporation it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Agreement on behalf of the Purchaser;

(p) the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Purchaser or of any agreement, written or oral, to which the Purchaser may be a party or by which the Purchaser is or may be bound;

(q) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser;

(r) the Purchaser has been independently advised as to the applicable hold period imposed in respect of the Securities by securities legislation in the jurisdiction in which the Purchaser resides and confirms that no representation has been made respecting the applicable hold periods for the Securities and is

aware of the risks and other characteristics of the Securities and of the fact that the Purchaser may not be able to resell the Securities except in accordance with the applicable securities legislation and regulatory policies;

(s) the Purchaser, and any beneficial purchaser for whom the Purchaser is acting, is resident in the province or jurisdiction set out on the first (cover) page of this Agreement;

(t) the Purchaser is capable of assessing the proposed investment as a result of the Purchaser's financial experience or as a result of advice received from a registered person other than the Issuer or any affiliates of the Issuer;

(u) if required by applicable securities legislation, policy or order or by any securities commission, stock exchange or other regulatory authority, the Purchaser will execute, deliver, file and otherwise assist the Issuer in filing, such reports, undertakings and other documents with respect to the issue of the Securities as may be required;

(v) the Purchaser acknowledges that the Agent will receive a commission, agent's warrants and a corporate finance fee from the Issuer in connection with this Private Placement;

(w) the Purchaser will not conduct hedging transactions involving the Shares unless in compliance with the Applicable Legislation;

(x) the Purchaser acknowledges that the Issuer will refuse, and has instructed its transfer agent to refuse, to register any transfers of the Purchased Securities or the underlying Shares, Warrants or Warrants Shares unless such transfer is made in accordance with regulations pursuant to, or registration under, the Applicable Legislation (including the U.S. Securities Act) or pursuant to an available exemption from such registration.

2.2 RELIANCE, INDEMNITY AND NOTIFICATION OF CHANGES

The representations and warranties in the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference) are made by the Purchaser with the intent that they be relied upon by the Issuer and the Agent in determining its suitability as a purchaser of Purchased Securities, and the Purchaser hereby agrees to indemnify the Issuer and the Agent against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance thereon. The Purchaser undertakes to notify the Issuer and the Agent immediately of any change in any representation, warranty or other information relating to the Purchaser set forth in the Subscription Agreement (including the first (cover) page, the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference) which takes place prior to the Closing.

2.3 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained in this Section will survive the Closing.

3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

3.1 INCORPORATION BY REFERENCE FROM AGENCY AGREEMENT

The Issuer hereby makes in favour of the Purchaser the representations and warranties of the Issuer contained in the Agency Agreement. The Issuer will provide to the Purchaser, promptly on request and without charge, an extract from the Agency Agreement certified by an officer of the Issuer as a true extract of the representations and warranties contained in the Agency Agreement.

3.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained in this Section will survive the Closing.

3.3 EXCLUSION OF LIABILITY OF AGENT

The Purchaser acknowledges that the Agent is acting as an agent in this transaction and that all warranties, conditions, representations or stipulations, other than those relating solely to the Agent, whether express or implied and whether arising hereunder or under prior agreement or statement or by statute or at common law are expressly those of the Issuer. The Purchaser acknowledges that no information or representation concerning the Issuer has been provided to the Purchaser by the Issuer or the Agent other than those contained in the Subscription Agreement and the Agency Agreement and that the Purchaser is relying entirely upon the Subscription Agreement and the Agency Agreement. Any information given or statement made is given or made without liability or responsibility howsoever arising on the part of the Agent. No person in the employment of, or acting as agent of, the Agent has any authority to make or give any representation or warranty whatsoever in relation to the Issuer or the Securities. Any information given or statement made is given or made without liability or responsibility howsoever arising on the part of the Agent, and the Purchaser hereby releases the Agent from any claims that may arise in respect of any such information given or statement made.

4. WITHDRAWAL OF SUBSCRIPTION AND CONTRACTUAL RIGHTS

The Purchaser reserves the right to withdraw this subscription and to terminate its obligations hereunder at any time before Closing if the Agent terminates its obligations with respect to the Private Placement under the Agency Agreement and hereby appoints the Agent as its agent for the purpose of notifying the Issuer of the withdrawal or termination of this subscription.

If the Purchaser, who acquires Shares and Warrants on the deemed exercise of the Purchased Securities purchased by it, is or becomes entitled under the Applicable Legislation to the remedy of rescission by reason of the Prospectus or any amendment thereto containing a misrepresentation, the Purchaser will be entitled to rescission not only of the Purchaser's exercise of such Purchased Securities, but also of its subscription hereunder, and will be entitled in connection with such rescission to a full refund from the Issuer of all consideration paid to the Issuer on acquisition of such Purchased Securities. The foregoing is in addition to any other right or remedy available to the Purchaser under the Applicable Legislation or otherwise at law.

5. CLOSING

5.1 The Purchaser acknowledges that, although Purchased Securities may be issued to other purchasers under the Private Placement concurrently with the Closing, there may be other sales of Purchased Securities under the Private Placement, some or all of which may close after the Closing. The Purchaser further acknowledges that there is a risk that insufficient funds may be raised on the Closing to fund the Issuer's business objectives and that further closings may not take place after the Closing.

5.2 On or before the end of the fifth business day before the Closing Date, the Purchaser will deliver to the Issuer or the Agent the Subscription Agreement and all applicable schedules and required forms, duly executed, and payment in full for the total price of the Purchased Securities to be purchased by the Purchaser.

5.3 At Closing, the Issuer will deliver to the Agent the certificates representing the Purchased Securities purchased by the Purchaser registered in the name of the Purchaser or its nominee.

6. INDEMNITY IN CONNECTION WITH REGISTRATION STATEMENT

The Purchaser hereby indemnifies the Issuer, its affiliates, any person who signed the Registration Statement, and their respective officers, directors and control persons against all such losses, claims, damages, liabilities and expenses (including but not limited to reasonable expenses incurred in investigating, preparing and defending against any claim) insofar as they arise out of or are based upon or are caused by any untrue statement or alleged untrue statement or any omission or alleged omission based on written information furnished to the Issuer by or on behalf of the Purchaser for the inclusion in any Registration Statement or prospectus (and any amendments or supplements thereto).

7. MISCELLANEOUS

7.1 The Purchaser was introduced to the Issuer by the Agent under the terms of the Agency Agreement.

7.2 The Purchaser agrees to sell, assign or transfer the Securities only in accordance with the requirements of Applicable Legislation and any legends placed on the Securities as contemplated by the Subscription Agreement.

7.3 The Purchaser hereby irrevocably authorizes the Agent, in its sole discretion:

(a) to act as the Purchaser's representative at the Closing, to receive certificates for Purchased Securities subscribed for and to execute in its name and on its behalf all closing receipts and documents required; and

(b) to waive, in whole or in part, any representations, warranties, covenants or conditions for the benefit of the Purchaser contained in the Subscription Agreement or in any agreement or document ancillary or related to the Private Placement.

7.4 The Purchaser hereby authorizes the Issuer to correct any minor errors in, or complete any minor information missing from any part of the Subscription Agreement and any other schedules, forms, certificates or documents executed by the Purchaser and delivered to the Issuer in connection with the Private Placement.

7.5 The Issuer and the Agent will be entitled to rely on delivery by fax machine of an executed copy of this subscription, and acceptance by the Issuer of such faxed copy will be equally effective to create a valid and binding agreement between the Purchaser and the Issuer in accordance with the terms of the Subscription Agreement.

7.6 Without limitation, this subscription and the transactions contemplated hereby are conditional upon and subject to the Issuer receiving the approval of the TSE and the AMEX to this subscription and the transactions contemplated hereby.

7.7 This agreement is not assignable or transferable by the parties hereto without the express written consent of the other party to this Agreement.

7.8 Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the Interpretation Act (British Columbia).

7.9 Except as expressly provided in this Agreement and in the agreements, instruments and other documents contemplated or provided for herein, this Agreement contains the entire agreement between the parties with

respect to the Securities and there are no other terms, conditions, representations or warranties whether expressed, implied, oral or written, by statute, by common law, by the Issuer, by the Agent, or by anyone else.

7.10 The parties to this Agreement may amend this Agreement only in writing.

7.11 This Agreement enures to the benefit of and is binding upon the parties to this Agreement and their successors and permitted assigns.

7.12 A party to this Agreement will give all notices to or other written communications with the other party to this Agreement concerning this Agreement by hand or by registered mail addressed to the address given above.

7.13 This Agreement is to be read with all changes in gender or number as required by the context.

7.14 This Agreement will be governed by and construed in accordance with the internal laws of British Columbia (without reference to its rules governing the choice or conflict of laws), and the parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of British Columbia with respect to any dispute related to this Agreement.

END OF GENERAL PROVISIONS

END OF SUBSCRIPTION AGREEMENT

INSTRUCTIONS TO PURCHASER

1. Complete all the information in the boxes on page 1 and sign where indicated with an "X".

2. Complete the certification that starts on page 5 and sign where indicated with an "X" on page 7.

3. Complete the Toronto Stock Exchange private placement questionnaire and undertaking that starts on page 10 and sign where indicated with an "X" on page 11.

THIS IS PAGE 1 OF 17 PAGES OF A SUBSCRIPTION AGREEMENT AND RELATED APPENDIXES, SCHEDULES AND FORMS. COLLECTIVELY, THESE PAGES TOGETHER ARE REFERRED TO AS THE"SUBSCRIPTION AGREEMENT".

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT
(ONTARIO $150,000 MINIMUM SUBSCRIPTION)

TO: GENETRONICS BIOMEDICAL CORPORATION (the "Issuer"),
San Diego, California, U.S.A.

Subject and pursuant to the terms set out in the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference, the undersigned (the "Purchaser") hereby irrevocably subscribes for, and on Closing will purchase from the Issuer, the following securities at the following price:

_____ Special Warrants

USD 0.50 per Special Warrant for a total purchase price of USD _____

The Purchaser holds the following securities of the Issuer:

The Purchaser directs the Issuer to issue, register and deliver the certificates representing the Purchased Securities as follows:

REGISTRATION INSTRUCTIONS:	DELIVERY INSTRUCTIONS:
_____	_____
Name to appear on certificate	Name and account reference, if applicable
_____	_____
Account reference, if applicable	Contact name
_____	_____
Address	Address
_____	_____
	Telephone number

EXECUTED by the Purchaser this _____ day of _____, 2001.

WITNESS:	EXECUTION BY PURCHASER:
_____	X _____
Signature of witness	Signature of individual (if Purchaser IS an individual)
_____	X _____
Name of witness	Authorized signatory (if Purchaser is NOT an individual)
_____	_____
Address of witness	Name of Purchaser (PLEASE PRINT)
_____	_____
	Name of authorized signatory (PLEASE PRINT)
ACCEPTED this ___ day of _____, 2001.	
GENETRONICS BIOMEDICAL CORPORATION Per:	_____ Address of Purchaser (residence if an individual)
_____ Authorized signatory	

By signing this acceptance, the Issuer agrees to be bound by the Terms on pages 2 to 4, the General Provisions on pages 1 to 8 and the other schedules and appendixes incorporated by reference.

TERMS

THE REFERENCE DATE OF THIS AGREEMENT (THE "AGREEMENT DATE")	October 1, 2001
	THE OFFERING
THE ISSUER	Genetronics Biomedical Corporation
THE AGENT	The offering is made on a commercially reasonable efforts basis by Canaccord Capital (Europe) Limited (which, together with any sub-agents, is referred to as the "Agent") under an agency agreement dated for reference the Agreement Date (the "Agency Agreement").
THE "OFFERING"	The offering consists of up to an aggregate of 4,389,468 non-transferable special warrants (the "Special Warrants") at USD 0.50 per Special Warrant for proceeds of up to USD 2,194,734. Each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"). Each whole Warrant may be exercised within 18 months from the date of issuance to the Purchaser to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.
PROSPECTUS AND CONVERSION RATE INCREASE	The Issuer will use its commercially reasonable efforts to ensure that the Special Warrants and the underlying Shares and Warrant Shares will be qualified by a prospectus in Canada (the "Prospectus") and the resale of the Shares and Warrant Shares by the initial purchasers of the Special Warrants will be the subject of a registration statement in the U.S. (the "Registration Statement") (the day on which final receipt for the Prospectus is received by the Issuer and on which the Registration Statement becomes effective or, if different, the later of such dates, being the "Qualification Date"). The Issuer will use its commercially reasonable efforts to have the Qualification Date occur within 90 days of the final closing (the "Final Closing") of this Offering. If the Qualification Date does not occur within 90 days of Final Closing and if the Purchaser has provided to the Issuer all of the information required of them by the Issuer to permit the Issuer to file the Registration Statement, the Purchaser will receive 1.2 Shares and 0.6 Warrants for each Special Warrant converted.
ADDITIONAL PROVISIONS IN RESPECT OF THE SPECIAL WARRANTS	Each Special Warrant may be exercised by the Purchasers in whole or in part at any time after each Closing. If, however, the Special Warrants are exercised prior to the day on which a final receipt for the Prospectus is received by the Issuer, the Shares and Warrant Shares underlying the Special Warrants and Warrants, respectively, may not be traded in British Columbia for a period of six months from Closing and may not be traded in Ontario for a period of one year from Closing. If the Special Warrants are exercised prior to the day on which the Registration Statement becomes effective, the Shares and Warrant Shares underlying the Special Warrants will be subject to restrictions on trading under the U.S. Securities Act until at least one year from Closing.

	All unexercised Special Warrants will be deemed to be exercised on that day which is the fifth business day after the day on which final receipt for the Prospectus is received by the Issuer.
PURCHASED SECURITIES	The "Purchased Securities" are Special Warrants convertible into one common share and one-half share purchase warrant.

TOTAL AMOUNT	A maximum of 4,389,468 Special Warrants.
PRICE	USD 0.50 for maximum total proceeds of USD 2,194,734.
WARRANTS	Subject to the Applicable Legislation and the rules and policies of the Toronto Stock Exchange and the American Stock Exchange, the Warrants will be non-transferable. The certificates representing the Warrants will contain, among other things, the complete provisions concerning the exercise of the Warrants and provisions for the appropriate adjustment in the class and number of the Warrant Shares issued upon conversion of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares of the Issuer, the payment of stock dividends and the merger of the Issuer. The Warrants will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights.
SELLING JURISDICTIONS	The United States, British Columbia, Ontario and certain offshore jurisdictions outside of Canada and the United States.
"CLOSING DATE"	October 17, 2001, or at such other date as agreed by the Issuer and the Agent.
LEGENDS	The certificates representing the Securities will be endorsed with only the following legends: THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A HOLD PERIOD AND MAY NOT BE TRADED IN BRITISH COLUMBIA UNTIL 12:01 A.M. ON [DATE SIX MONTHS AND ONE DAY FROM CLOSING] OR IN ONTARIO UNTIL 12:01 A.M. ON [IN THE CASE OF THE SPECIAL WARRANTS AND WARRANTS, DATE 18 MONTHS AND ONE DAY FROM CLOSING AND, IN THE CASE OF THE UNDERLYING SHARES, DATE ONE YEAR AND ONE DAY FROM CLOSING] EXCEPT AS PERMITTED BY THE TORONTO STOCK EXCHANGE AND THE APPLICABLE SECURITIES LEGISLATION IN THOSE JURISDICTIONS. THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.
	THE ISSUER
JURISDICTION OF ORGANIZATION	The Issuer is incorporated under the laws of Delaware.
AUTHORIZED AND OUTSTANDING CAPITAL	The authorized capital of the Issuer is 100,000,000 shares of common stock with a par value of $0.001 per share and 10,000,000 shares of preferred stock

	with a par value of $0.01 per share. As of October 1, 2001, the issued capital of the Issuer is 33,759,968 shares of common stock.
STOCK EXCHANGE LISTINGS	Shares of the Issuer are listed on the Toronto Stock Exchange (the "TSE") and the American Stock Exchange ("AMEX")
"SECURITIES LEGISLATION APPLICABLE TO THE ISSUER" OR "APPLICABLE LEGISLATION"	The Securities Act (Ontario), R.S.O. 1990, c. S.5, as amended (the "Ontario Act") (pursuant to which the Issuer is a "reporting issuer"), the Securities Act, R.S.B.C. 1996, c. 418, as amended (the "B.C. Act") (pursuant to which the Issuer is a "reporting issuer"), and the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") (to the extent that the U.S. Securities Act is applicable on the issuance of securities to U.S. Persons or to non-U.S. Persons under Regulation D, all of which terms are terms are defined below), together with the regulations and rules made and promulgated thereunder and all administrative policy statements, blanket orders and rulings, notices, and other administrative directions issued by the Commissions (as defined below), along with the rules and policies of the TSE (the "TSE Policies") and the rules and policies of the AMEX (the "AMEX Policies").
"APPLICABLE EXEMPTIONS"	The Offering is being made in accordance with the exemptions from, or the non-applicability of, the registration and prospectus requirements (the "Applicable Exemptions") of the Applicable Legislation as provided in an Interpretation Note regarding "offshore" distributions published by the Ontario Securities Commission, BCI 72-503 of the B.C. Securities Commission, sections 35(1)(5) and 72(1)(d) of the Ontario Act, sections 45(1)(5) and 74(2)(4) of the B.C. Act and Regulation D of the U.S. Securities Act.

END OF TERMS

CERTIFICATION FOR U.S. SECURITIES LAW COMPLIANCE

(Capitalized terms not specifically defined in this Certification have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached.)

In connection with the execution of the Subscription Agreement to which this Schedule is attached, the Purchaser represents and warrants to the Issuer that:

(a) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Purchased Securities and it is able to bear the economic risk of loss of its entire investment.

(b) The Issuer has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Issuer as it has considered necessary or appropriate in connection with its investment decision to acquire the Purchased Securities.

(c) It is acquiring the Purchased Securities for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Purchased Securities in violation of the United States securities laws.

(d) It understands the Purchased Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state of the United States and that the sale contemplated hereby is being made in reliance on an exemption from such registration requirements. It further understands that, while the Issuer has agreed to use its best efforts to file a registration statement in respect of the Purchaser's resale of the Shares and the Warrant Shares (the "Registration Statement"), in compliance with the U.S. Securities Act with the United States Securities and Exchange Commission, and to have the Registration Statement declared effective, there can be no assurance the Issuer will be able to do so. It also understands that it will be required to furnish certain information about it and its holdings of the Issuer's shares as part of the information that will be included in the Registration Statement.

(e) It satisfies one or more of the categories indicated below (please initial the appropriate lines):

____	Category 1.	An organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Purchased Securities, with total assets in excess of USD 5,000,000;
____	Category 2.	A natural person whose individual net worth, or joint net worth with that person's spouse, at the date of this Certification exceeds USD 1,000,000;
____	Category 3.	A natural person who had an individual income in excess of USD 200,000 in each of the two most recent years or joint income with that person's spouse in excess of USD 300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
____	Category 4.	A trust that (a) has total assets in excess of USD 5,000,000, (b) was not formed for the specific purpose of acquiring the Purchased Securities and (c) is directed in its purchases of securities by a person who has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of an investment in the Purchased Securities;
____	Category 5.	An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;
____	Category 6.	A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

____	Category 7.	A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940; or
____	Category 8.	An entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

(f) It has not purchased the Purchased Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, or television, or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(g) If it decides to offer, sell or otherwise transfer any of the Purchased Securities or the underlying Shares, Warrants or Warrant Shares, it will not offer, sell or otherwise transfer any of such securities directly or indirectly, unless:

(i) the sale is to the Issuer;

(ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;

(iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder and in accordance with any applicable state securities or "blue sky" laws;

(iv) the Purchased Securities are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Issuer an opinion of counsel reasonably satisfactory to the Issuer to the effect that such transaction does not require registration; or

(v) the sale is made pursuant to an effective registration statement filed under the U.S. Securities Act.

(h) The Purchased Securities and the underlying Shares, Warrants and Warrant Shares are "restricted securities" as that term is defined in the U.S. Securities Act, and the certificates representing the Purchased Securities and the Shares, Warrants and Warrant Shares issued upon conversion of the Purchased Securities, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws, will bear, on the face of such certificate, a legend in substantially the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER APPLICABLE EXEMPTION, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

(i) It understands and agrees that there may be material tax consequences to the Purchaser of an acquisition or disposition of the Securities. The Issuer gives no opinion and makes no representation with respect to the tax consequences to the Purchaser under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such Securities.

(j) It understands and agrees that the financial statements of the Issuer have been prepared in accordance with Canadian generally accepted accounting principles with a reconciliation to United States generally accepted accounting principles.

(k) It consents to the Issuer making a notation on its records or giving instructions to any transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described in this Certification and the Subscription Agreement.

Dated _____ 2001.

X _____
Signature of individual (if Purchaser IS an individual)

X _____
Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

THE TORONTO STOCK EXCHANGE

PRIVATE PLACEMENT QUESTIONNAIRE AND UNDERTAKING

To be completed by each proposed private placement purchaser of listed securities or securities which are convertible into listed securities.

QUESTIONNAIRE

1. DESCRIPTION OF TRANSACTION

(a) Name of issuer of the securities (the "Issuer")

Genetronics Biomedical Corporation

(b) Number and class of securities to be purchased

_____ Special Warrants; each Special Warrant is exercisable without additional payment to acquire one common share (the "Shares") and one half share purchase warrant (the "Warrants"); each whole Warrant may be exercised within 18 months from the date of issuance to the Purchaser to acquire one common share of the Issuer (the "Warrant Shares") at a price of USD 0.75 per share.

(c) Purchase price

USD 0.50 per Special Warrant

2. DETAILS OF PURCHASER

(a) Name of purchaser

(b) Address

(c) Names and addresses of persons having a greater than 10% beneficial interest in the purchaser

3. RELATIONSHIP TO ISSUER

(a) Is the purchaser (or any person named in response to 2(c) above) an insider of the Issuer for the purposes of the Ontario Securities Act (before giving effect to this private placement)? If so, state the capacity in which the purchaser (or person named in response to 2(c)) qualifies as an insider

(b) If the answer to (a) is "no", are the purchaser and the Issuer controlled by the same person or company? If so, give details

4. DEALINGS OF PURCHASER IN SECURITIES OF THE ISSUER

Give details of all trading by the purchaser, as principal, in the securities of the Issuer (other than debt securities which are not convertible into equity securities), directly or indirectly, within the 60 days preceding the date hereof

UNDERTAKING

TO: The Toronto Stock Exchange

The undersigned has subscribed for and agreed to purchase, as principal, the securities described in Item 1 of this Private Placement Questionnaire and Undertaking.

The undersigned undertakes not to sell or otherwise dispose of any of the said securities so purchased or any securities derived therefrom for a period that expires on the earlier of six months from the date of the closing of the transaction herein and the issuance of a receipt by the Ontario Securities Commission for a final prospectus qualifying the distribution of the Shares and the Warrants, without the prior consent of The Toronto Stock Exchange and any other regulatory body having jurisdiction.

Dated _____ 2001.

X _____
Signature of individual (if Purchaser IS an individual)

X _____
Authorized signatory (if Purchaser is NOT an individual)

Name of Purchaser (PLEASE PRINT)

Name of authorized signatory (PLEASE PRINT)

Official capacity of authorized signatory

(PLEASE PRINT)

AMENDING AGREEMENT TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT

TO: GENETRONICS BIOMEDICAL CORPORATION (the "Issuer"),
San Diego, California, U.S.A.

_____ Special Warrants

USD 0.45 per Special Warrant for a total purchase price of USD _____

The Purchaser holds the following securities of the Issuer:

The Purchaser hereby acknowledges that certain terms of the Private Placement Subscription Agreement (the "Subscription Agreement") entered into between the Purchaser and the Issuer are amended as follows:

(a) the reference date of the Subscription Agreement is November 1, 2001;

(b) the total number of Special Warrants offered under the Private Placement is 5,212,494;

(c) the Special Warrants are offered at a price of USD 0.45 per Special Warrant;

(d) the proceeds of the Offering are USD 2,345,622.30;

(e) the Closing Date is November 23, 2001, or such other date as agreed between the Issuer and the Agent;

(f) there will be only one Closing and no further sales of Purchased Securities will occur after the Closing;

(g) the penalty provision outlined in the Terms under "Prospectus and conversion rate increase" which sets out that in the event that the Shares and Warrant Shares are not qualified for resale within 90 days of the Closing, the Purchasers will receive 1.2 Shares and 0.6 Warrants for each Special Warrant converted, will be deleted. Instead, purchasers of Special Warrants will receive a refund of 20% of their total purchase price if the Qualification Date does not occur within 90 days of the Closing; and

(h) the Agency Agreement between the Issuer and Canaccord Capital (Europe) Limited is now an Agency Agreement between the Issuer and Canaccord Capital Corporation, dated effective November 1, 2001, pursuant to which the Agent has agreed to purchase any Special Warrants that are not sold to purchasers.

Subject to the amendments outlined above, the terms and provisions of the Subscription Agreement remain in full force and effect.

The capitalized terms used herein are those defined in the Private Placement Subscription Agreement.

EXECUTED BY THE PURCHASER THIS _____ DAY OF _____, 2001.

_____
Address of Purchaser (residence if an individual)

_____

EXECUTION BY PURCHASER:

X _____
_____ Signature of individual (if Purchaser IS an individual) X_____
Authorized signatory (if Purchaser is NOT an individual)

_____
Name of Purchaser (PLEASE PRINT)

_____
Name of authorized signatory (PLEASE PRINT)

EXHIBIT 10.24

This Employment Agreement (the "Agreement") is made as of November 15, 2001

Between:

GENETRONICS, INC., a California corporation having its principal place of business at 11199 Sorrento Valley Road, San Diego, CA 92121 (the "Company")

And:

James L. Heppell, an individual whose address is 1400-1055 W. Hastings Street, Vancouver, British Columbia (the "Employee").

WHEREAS:

A. the Employee is the Executive Chairman of the Company;

B. the Employee is considered by the Board of Directors of the Company (the "Board") to be of great value to the Company and has acquired outstanding and special skills and abilities and an extensive background in and knowledge of the Company's business and the industry in which it is engaged;

C. the Company recognizes that it is essential and in the best interests of the Company that the Company retain the continuing dedication of the Employee to the Company;

D. the Company wishes to continue to retain and the Employee has agreed to supply his service in the capacity of Executive Chairman on the terms and conditions set out in this Agreement, which shall supersede and replace all prior agreements, if any, between the parties;

THEREFORE, in consideration of the recitals, the following covenants and the payment of one dollar made by each party to the other, the receipt and sufficiency of which is acknowledged by each party, the parties agree on the following terms:

ARTICLE 1: EMPLOYMENT

1.1 EMPLOYMENT: The Company hereby employs the Employee as Executive Chairman or in such other capacity as may be requested by the Board,

and the Employee accepts such employment, upon the terms and subject to the conditions set forth in this Agreement.

1.2 DUTIES: The Employee shall perform such duties as are customarily associated with his then current title or titles, consistent with the Bylaws of the Company and as required by the Board. Said duties shall be performed at such place or places as the Company shall reasonably designate or as shall be reasonably appropriate and necessary to the discharge of the Employee's duties in connection with his employment.

1.3 HOURS: During the hours the Employee is working for the Company, the Employee will devote his best efforts and business time and attention, as necessary, to the performance of his duties hereunder and to the business and affairs of the Company. The Employee will duly, punctually and faithfully observe the Company's general employment policies and practices, including, without limitation, any and all rules, regulations, policies and/or procedures which the Company may now or hereafter establish governing the conduct of its business.

ARTICLE 2: COMPENSATION

2.1 SALARY AND STOCK OPTIONS: For his services hereunder, the Employee shall receive $250.00 per hour for work performed and shall receive $125.00 per hour for travel time. Additionally, the Employee shall receive a grant of 40,000 options of the Company's stock upon execution of this Agreement. Such options shall vest immediately upon grant.

2.2 SALARY INCREASES AND BONUS: From time to time, the Company, in its unfettered discretion may decide to increase the salary for Employee and additionally may offer a discretionary bonus which could include cash, Company stock or stock options. The Company is under no obligation to provide salary increases or bonuses to Employee.

2.3 WITHHOLDING: All payments of salary, bonuses and other compensation pursuant to this Agreement shall be subject to the customary withholding taxes as required by law.

ARTICLE 3: FRINGE BENEFITS

3.1 PARTICIPATION IN PLANS: The Employee shall be entitled to all additional fringe benefits, including, but not limited to, life and health insurance programs that may be generally available to other employees of the Company. All matters of eligibility for coverage of benefits under any plan or plans of health, hospitalization, life or other insurance provided by the Company shall be determined in accordance with the provisions of the insurance policies. The Company shall not be liable to the Employee, or his beneficiaries or successors, for any amount payable or claimed to be payable under any plan of insurance, which is not paid to any of the Company's other employees.

3.2 BUSINESS EXPENSES: The parties acknowledge that the Employee shall incur, from time to time, for the benefit of the Company and in furtherance of the Company's business, various business expenses. The Company agrees that it shall either pay such expenses directly, advance sums to the Employee to be used for payment of such expenses, or reimburse the Employee for such expenses incurred by him. The Employee agrees to submit to the Company such documentation as may be reasonably necessary to substantiate that all expenses paid or reimbursed hereunder were reasonably related to the performance of his duties.

ARTICLE 4: TERM AND TERMINATION OF EMPLOYMENT

4.1 INITIAL TERM: The term of this Agreement shall be from the date of this Agreement, until the Executive Chairman is no longer the Chairman of the Board of the Company unless terminated prior to such date in accordance with the terms of this Agreement.

4.2 TERMINATION:

(a) THE EMPLOYEE'S RIGHT TO TERMINATE - The Employee may terminate his obligations under this Agreement:

(i) at any time upon providing three weeks notice in writing to the Company;

(ii) upon a material breach of default of any term of this Agreement by the Company if such material breach or default has not been remedied within 30 days after written notice of the material breach or default has been delivered by the Employee to the Company; or

(iii) at any time within 180 days of the date on which there is a Change of Control.

(b) COMPANY'S RIGHT TO TERMINATE - The Company may terminate the Employee's employment under this Agreement at any time upon the occurrence of any of the following events:

(i) the Employee acting unlawfully, dishonestly, in bad faith or negligently with respect to the business of the Company to the extent that it has a material and adverse effect on the Company;

(ii) the conviction of Employee of any crime or fraud against the Company or its property or any felony offense or crime reasonably likely to bring discredit upon the Employee or the Company;

(iii) a material breach or default of any term of this Agreement by the Employee if such material breach or default has not been remedied within 30 days after written notice of the material breach or default has been delivered by the Company to the Employee;

(iv) the Employee dying or becoming permanently disabled or disabled for a period exceeding 180 consecutive days calculated on a cumulative basis over any two year period during the term of this Agreement; or

(v) at the discretion of the Board of Directors of the Company.

(A) MITIGATION: The Employee shall not be required to mitigate any payments received under the provisions of this Agreement when another company or employer employs the Employee.

ARTICLE 5: NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

5.1 CONFIDENTIAL INFORMATION DEFINED: "Confidential Information" shall mean information disclosed to the Employee, known by the Employee, or developed by the Employee (alone or with others) as a consequence of or through his employment by the Company or his relationship with the Company's subsidiaries, which information is not generally known in the industry in which the Company or of any of its subsidiaries are or may become engaged, about the business of the Company or of any of its subsidiaries, including but not limited to information relating to trade secrets of the Company or its subsidiaries, existing or potential customers, business plans and strategies, research methods and products, pricing and billing methods and marketing methods. Without regard to whether any of such matters would be deemed confidential, proprietary or material as a matter of law, the parties hereto stipulate that, as between them, such matters are confidential, proprietary, and material and unauthorized disclosure, use, or dissemination would seriously affect the effective and successful conduct of the business and interests of the Company or its subsidiaries, and its goodwill, and that any breach of the terms of this paragraph is a material breach of this Agreement.

5.2 PROHIBITION ON DISCLOSURE: Except as required in his duties to the Company, the Employee shall not, directly or indirectly use, disseminate or disclose any Confidential Information.

5.3 RETURN OF CONFIDENTIAL INFORMATION UPON TERMINATION: Upon termination of his employment with the Company, the Employee shall return to the Company all documents, records, notebooks and electronic media containing Confidential Information, including all copies thereof, whether prepared by the Employee or others.

5.4 COOPERATION IN PROTECTING CONFIDENTIALITY: The Employee shall provide all reasonable assistance to the Company and its subsidiaries to protect the confidentiality of any such Confidential Information that Employee may have

directly or indirectly disclosed, published or made available to third parties in breach of this Agreement. The Employee shall take all reasonable steps requested by the Company to prevent the recurrence of such unauthorized access, use, possession or knowledge. If, at any time, the Employee becomes aware of any unauthorized access, use, possession, or knowledge of any Confidential Information by any third party, the Employee shall immediately notify the Company.

5.5 SURVIVAL: The parties agree that the obligations imposed by this paragraph shall survive termination or expiration of this Agreement, and shall bind the Employee for a period of 15 years after such termination or expiration.

ARTICLE 6: MISCELLANEOUS

6.1 IRREPARABLE INJURY: The Employee expressly recognizes and agrees that his obligations under Article 5 of this Agreement are important and material and seriously affect the effective and successful conduct of the business and interests of the Company and its goodwill, and therefore the breach of any obligations under such Articles will constitute an irreparable injury to the Company, for which damages, although available, will not be an adequate remedy at law. Accordingly, the Employee expressly consents to the issuance of injunctive relief to enforce the obligations of this Agreement. The parties agree that service of process may be made by certified mail at the address first listed above. The provisions of this Article are not intended to limit the remedies and relief otherwise available to the Company for breaches by the Employee of Articles of this Agreement other than Article 5.

6.2 ASSIGNMENT PROHIBITED: This Agreement is personal to the Employee hereto and he may not assign or delegate any of his rights or obligations hereunder without first obtaining the written consent of the Company. The Company may not assign this Agreement without the written consent of the Employee except in connection with (i) a merger of consolidation of the Company (in which case the merged or consolidated entity shall remain fully liable for its obligations as the Company under this Agreement as specified above) or (ii) a transfer of this Agreement.

6.3 AMENDMENTS: No amendments or additions to this Agreement shall be binding unless in writing and signed by the party against whom enforcement of such amendment or addition is sought.

6.4 PARAGRAPH HEADINGS: The paragraph headings used in this Agreement are included solely for convenience and shall not affect of be used in connection with the interpretation of this Agreement.

6.5 LEGAL EXPENSES OF ENFORCEMENT: If either party commences a legal action or other proceeding for enforcement of this Agreement, or because of an

alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and other costs incurred in connection with the action or proceeding, in addition to any other relief to which it may be entitled.

6.6 SEVERABILITY: If any provision of this Agreement is declared invalid by any tribunal, then such provision shall be deemed automatically modified to conform to the requirements for validity as declared at such time, and as so modified, shall be deemed a provision of this Agreement as though originally included herein. In the event that the provision invalidated is of such a nature that it cannot be so modified, the provision shall be deemed deleted from this Agreement as though the provision had never been included herein. In either case, the remaining provisions of this Agreement shall remain in effect.

6.7 ARBITRATION: Any controversy, claim or dispute arising out of or relating to this Agreement or its construction and interpretation shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered in such arbitration may be entered in any court having jurisdiction thereof. In addition, any controversy, claim or dispute concerning the scope of this arbitration clause or whether a particular dispute falls within this arbitration clause shall also be settled by arbitration in accordance with the rules of the American Arbitration Association.

6.8 CHOICE OF LAW: This Agreement shall be governed by and construed in accordance with the laws of the State of California, as applied to agreements executed and performed entirely in California by California residents.

6.9 ENTIRE AGREEMENT: This Agreement constitutes the entire, final and complete and exclusive agreement between the parties and supersedes all previous agreements or representations, written or oral, with respect to employment.

6.10 CHANGE, MODIFICATION, WAIVER: No change or modification of this Agreement shall be valid unless it is in writing and signed by each of the parties hereto. No waiver of any provision of this Agreement shall be valid unless it is in writing and signed by the party against whom the waiver is sought to be enforced. The failure of a party of insist upon strict performance of any provision of this Agreement in any one or more instances shall not be construed as a waiver or relinquishment of the right to insist upon strict compliance with such provision in the future.

6.11 NOTICES: All notices required or permitted hereunder shall be in writing and shall be delivered in person or sent by certified or registered mail, return

receipt requested, postage prepaid to each party at the address first written above or at such other address as provided in writing.

6.12 BINDING EFFECT: This Agreement shall be binding upon, and inure to the benefit of, the parties, their heirs, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Genetronics, Inc.,

/s/ Tazdin Esmail

Employee

/s/ James L. Heppell

EXHIBIT 10.25

CONFIDENTIAL SEPARATION AGREEMENT
AND GENERAL RELEASE OF ALL CLAIMS

This Confidential Separation Agreement and General Release of All Claims ("Agreement") is made by and between Genetronics, Inc. ("Genetronics") and Grant Denison, Jr. ("Denison") with respect to the following:

A. Denison acted as the President and Chief Executive Officer of Genetronics from May 14, 2001 to September 20, 2001 ("Separation Date").

B. The parties desire to settle all claims and issues that have, or could have been raised, in relation to Denison's employment with Genetronics and arising out of or in any way related to the acts, transactions or occurrences between Denison and Genetronics to date.

THEREFORE, in consideration of the promises and mutual agreements hereinafter set forth, it is agreed by and between the undersigned as follows:

A. Automobile. As a benefit of his position with Genetronics, Denison was provided with the use of a Company leased vehicle. Denison agrees to return the vehicle to Genetronics' possession in San Diego, California no later than midnight, November 30, 2001 or to otherwise assume the remainder of the lease on the vehicle if Genetronics can secure a release of liability from the leasing company for such transaction.

B. Apartment Lease. Denison entered into a lease for an apartment in Del Mar, CA on June 1, 2001. This lease was executed in Denison's personal capacity. In consideration for entering this Agreement, Genetronics agrees to assume the responsibility for all remaining lease payments beginning on October 1, 2001 until lease termination.

C. Stock Options. Denison was granted 250,000 vesting incentive stock options of the Company's stock, at a strike price of $1.35, 50,000 of which vested upon Denison beginning employment with the Company and 50,000 stock options vested at the end of each of the first four months during which Denison served as President and CEO of the Company under the employment agreement. Denison's employment was terminated prior to the end of September 2001; therefore, all options except the 50,000 options for September 2001 are vested. The 50,000 options for September are cancelled with the remaining 200,000 options vested.

D. Business Expenses. Denison has incurred certain business expenses in his capacity as President and CEO in the amount of $56,376.98. Genetronics has advanced or paid to Denison the amount of $39,142.62. The remaining balance due to Denison is $17, 334.36. This amount will be reimbursed upon execution of this Agreement.

E. Resignation. Genetronics agrees to characterize Denison's separation as a voluntary resignation.

F. Resignation from the Board of Directors. Denison agrees that by executing this Agreement he also resigns from the Genetronics and Genetronics Biomedical Corporation Boards of Directors effective immediately.

1. General Release.

a. The parties hereto unconditionally, irrevocably and absolutely release and discharge each other (collectively, "Released Parties"), from all claims related in any way to the transactions or occurrences between them to date, to the fullest extent permitted by law, including, but not limited to, Denison's position with Genetronics, the termination of Denison's position, and all other losses, liabilities, claims, charges, demands and causes of action, known or unknown, suspected or unsuspected, arising directly or indirectly out of or in any way connected with Denison's position with Genetronics. This release is intended to have the broadest possible application and includes, but is not limited to, any tort, contract, common law, constitutional or other statutory claims, including, but not limited to alleged violations of the California Labor Code or the federal Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964 and the California Fair Employment and Housing Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967, as amended, and all claims for attorneys' fees, costs and expenses.

b. The parties acknowledge that they may discover facts or law different from, or in addition to, the facts or law that they know or believe to be true with respect to the claims released in this Agreement and agree, nonetheless, that this Agreement and the release contained in it shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery of them.

c. The parties declare and represent that they intend this Agreement to be complete and not subject to any claim of mistake, and that the release herein expresses a full and complete release and, regardless of the adequacy or inadequacy of the consideration, the parties intend the release herein to be final and complete. The Parties execute this release with the full knowledge that this release covers all possible claims against the Released Parties, to the fullest extent permitted by law.

d. The Parties expressly waive their right to recovery of any type, including damages or reinstatement, in any administrative or court action, whether state or federal, and whether brought by a party or on a party's behalf, related in any way to the matters released herein.

2. California Civil Code Section 1542 Waiver. The parties expressly acknowledge and agree that all rights under Section 1542 of the California Civil Code are expressly waived. That section provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE

MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

3. Representation Concerning Filing of Legal Actions. The parties represent that, as of the date of this Agreement, they have not filed any lawsuits, charges, complaints, petitions, claims or other accusatory pleadings against each other in any court or with any governmental agency. The parties further agree that, to the fullest extent permitted by law, they will not prosecute, nor allow to be prosecuted on their behalf, in any administrative agency, whether state or federal, or in any court, whether state or federal, any claim or demand of any type related to the matters released above, it being the intention of the parties that with the execution of this release, the Released Parties will be absolutely, unconditionally and forever discharged of and from all obligations to or on behalf of each other related in any way to the matters discharged herein.

4. Nondisparagement. The parties agree that they will not make any voluntary statements, written or oral, or cause or encourage others to make any such statements that defame, disparage or in any way criticize the personal and/or business reputations, practices or conduct of each other.

5. Confidentiality and Return of Genetronics Property.

a. Confidential Separation Information. The parties agree that the terms and conditions of this Agreement, as well as the discussions that led to the terms and conditions of this Agreement (collectively referred to as the "Confidential Separation Information") are intended to remain confidential between Denison and Genetronics. The parties further agree that they will not disclose the Confidential Separation Information to any other persons, except that they may disclose such information to to their attorney(s) and accountant(s), if any, to the extent needed for legal advice or income tax reporting purposes and Denison may disclose the terms of this Agreement with his wife. When releasing this information to any such person, the parties shall advise the person receiving the information of its confidential nature. Neither party, nor anyone to whom the Confidential Separation Information has been disclosed will respond to, or in any way participate in or contribute to, any public discussion, notice or other publicity concerning the Confidential Separation Information. Without limiting the generality of the foregoing, the parties specifically agree that neither they, their attorneys nor their accountants, if any, shall disclose the Confidential Separation Information to any current, former or prospective employee of Genetronics, except for those who have a need to know the Information. Nothing in this section will preclude the parties from disclosing information required in response to a subpoena duly issued by a court of law or a government agency having jurisdiction or power to compel such disclosure, or from giving full, truthful and cooperative answers in response to a duly issued subpoena.

b. Confidential or Proprietary Information. Denison also agrees that he will not use, remove from Genetronics' premises, make unauthorized copies of or disclose any confidential or proprietary information of Genetronics or any affiliated or related entities, including but not limited to, their trade secrets, copyrighted information, customer lists, any information encompassed in any research and development, reports, work in progress, drawings, software,

computer files or models, designs, plans, proposals, marketing and sales programs, financial projections, and all concepts or ideas, materials or information related to the business or sales of Genetronics and any affiliated or related entities that has not previously been released to the public by an authorized representative of those companies.

c. Continuing Obligations. If Denison has signed a Confidentiality or Proprietary Rights Agreement (or any other agreement protecting the confidentiality of Genetronics information), Denison understands that certain terms and conditions of that agreement survive the termination of Denison's employment and as such Denison agrees to abide by such surviving provisions of the agreement.

d. Return of Company Property. Denison understands and agrees that as a condition of this Agreement , all Company property must be returned to Genetronics on or before the Separation Date. By signing this Agreement, Denison represents and warrants that he will have returned to Genetronics on or before the Separation Date, all Genetronics property, including all confidential and proprietary information, and all materials and documents containing trade secrets and copyrighted materials, including all copies and excerpts of the same.

e. Non-Solicitation. Denison understands and agrees that Genetronics' employees and customers and any information regarding Genetronics employees and/or customers is confidential and constitutes trade secrets. As such, for a period of one year following the Separation Date, Denison agrees not to, directly or indirectly, separately or in association with others:

1. Interfere with, impair, disrupt or damage Genetronics' relationship with any of its customers or prospective customers by soliciting, or encouraging or causing others to solicit or encourage, any of them for the purpose of diverting or taking away the business such customers have with Genetronics; or

2. Interfere with, impair, disrupt or damage Genetronics' business by soliciting, encouraging or causing others to solicit or encourage any of Genetronics' employees or consultants to discontinue their employment or consulting relationship with Genetronics.

6. Arbitration of Disputes. The parties agree to arbitrate any and all disputes arising out of or relating to the enforcement of this Agreement, or for the breach hereof, or the interpretation hereof. The arbitration shall be before a single, neutral arbitrator selected by the parties. If the parties are unable to agree on a single neutral arbitrator, the arbitrator shall be selected in accordance with the rules of the American Arbitration Association for Employment Disputes. The arbitrator shall have the power to enter any award that could be entered by a judge of a trial court of the State of California, and only such power, and shall follow the law. In the event the arbitrator does not follow the law, the arbitrator will have exceeded the scope of his or her authority and the parties may, at their option, file a motion to vacate the award in court. The parties agree to abide by and perform any award rendered by the arbitrator. The arbitrator

shall issue the award in writing and therein state the essential findings and conclusions on which the award is based. Judgment on the award may be entered in any court having jurisdiction thereof. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law, and shall be in accordance with the procedures established for arbitration in the California Code of Civil Procedure. The parties understand that by agreeing to arbitrate their disputes, they are giving up their right to have their disputes heard in a court of law and, if applicable, by a jury.

7. No Admissions. By entering into this Agreement, the Released Parties make no admission that they have engaged, or are now engaging, in any unlawful conduct. The parties understand and acknowledge that this Agreement is not an admission of liability and shall not be used or construed as such in any legal or administrative proceeding.

8. Older Workers' Benefit Protection Act. This Agreement is intended to satisfy the requirements of the Older Workers' Benefit Protection Act, 29 U.S.C. sec. 626(f). The following general provisions, along with the other provisions of this Agreement, are agreed to for this purpose:

a. Denison acknowledges and agrees that he has read and understands the terms of this Agreement.

b. Denison acknowledges that this Agreement advises him in writing that he may consult with an attorney before executing this Agreement, and that he has obtained and considered such legal counsel as he deems necessary, such that he is entering into this Agreement freely, knowingly, and voluntarily.

c. Denison acknowledges that he has been given at least twenty-one
(21) days in which to consider whether or not to enter into this Agreement. Denison understands that, at his option, Denison may elect not to use the full 21-day period.

d. This Agreement shall not become effective or enforceable until the eighth day after Denison signs this Agreement. In other words, Denison may revoke his acceptance of this Agreement within seven (7) days after the date he signs it. Denison's revocation must be in writing and received by the Genetronics representative designated to sign this Agreement by 5:00 p.m. P.D.T. on the seventh day in order to be effective. If Denison does not revoke acceptance within the seven (7) day period, Denison's acceptance of this Agreement shall become binding and enforceable on the eighth day ("Effective Date").

1. This Agreement does not waive or release any rights or claims that Employee may have under the Age Discrimination in Employment Act that arise after the execution of this Agreement.

9. Severability. In the event an arbitrator or a court of competent jurisdiction shall find any provision of this Agreement unenforceable, the provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited.

10. Applicable Law. The validity, interpretation and performance of this Agreement shall be construed and interpreted according to the laws of the United States of America and the State of California.

11. Binding on Successors. The parties agree that this Agreement shall be binding on, and inure to the benefit of, his or its successors, heirs and/or assigns.

12. Full Defense. This Agreement may be pled as a full and complete defense to, and may be used as a basis for an injunction against, any action, suit or other proceeding that may be prosecuted, instituted or attempted by Denison in breach hereof. Denison agrees that in the event an action or proceeding is instituted by the Released Parties in order to enforce the terms or provisions of this Agreement, the Released Parties shall be entitled to an award of reasonable costs and attorneys' fees incurred in connection with enforcing this Agreement.

13. Good Faith. The parties agree to do all things necessary and to execute all further documents necessary and appropriate to carry out and effectuate the terms and purposes of this Agreement.

14. Entire Agreement; Modification. This Agreement, including the Stock Option Plan and associated grant documents herein incorporated by reference and any confidentiality or proprietary rights agreement signed by Denison, is intended to be the entire agreement between the parties and supersedes and cancels any and all other and prior agreements, written or oral, between the parties regarding this subject matter. It is agreed that there are no collateral agreements or representations, written or oral, regarding the terms and conditions of Denison's separation of employment with Genetronics and settlement of all claims between the parties other than those set forth in this Agreement. This Agreement may be amended only by a written instrument executed by all parties hereto.

15. Counterparts and Authority to Execute: This Agreement may be executed in counterparts and facsimile signatures are, for purposes of this Agreement, deemed to have the full force and effect of original signatures. The individuals executing this Agreement have the full requisite authority to bind the respective parties they represent.

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

Dated: November 20, 2001 *By: /s/ Grant Denison Jr.*

Grant Denison

Dated: November 20, 2001 *By: /s/ Avtar Dhillon*

Genetronics

Exhibit 23.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Forms S-8 Nos. 333-86377 and 333-58168, Forms S-3 Nos. 333-76738, 333-55786 and 333-88427 and Form S-4 No. 333-56978) of Genetronics Biomedical Corporation, of our report dated February 1, 2002, except for the third paragraph of Note 21, as to which the date is March 7, 2002, with respect to the consolidated financial statements of Genetronics Biomedical Corporation included in the Annual Report (Form 10-K) for the nine months ended December 31, 2001.

/s/ ERNST & YOUNG
ERNST & YOUNG LLP

San Diego, California
March 27, 2002

Exhibit 23.2

CONSENT OF ERNST & YOUNG LLP INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-86377 and 333-58168) pertaining to the 1995 Stock Option Plan and 2000 Stock Option Plan of Genetronics Biomedical Corporation and in the Registration Statements (Form S-3 Nos. 333-76738, 333-55786 and 333-88427 and Form S-4 No. 333-56978) of Genetronics Biomedical Corporation of our report dated May 4, 2001, (except as to notes 1 and 11 which are as of December 19, 2001) and Comments by Auditor for US Readers on Canada-US Reporting Differences dated December 19, 2001, with respect to the consolidated financial statements and schedule of Genetronics Biomedical Corporation included in the Annual Report (Form 10-K) for the nine months ended December 31, 2001.

/s/ Ernst & Young LLP

Chartered Accountants

Vancouver, Canada
March 27, 2002