GeneNews Announces Q2-2015 Financial Results & Provides IDL Progress Update

- Approximately 35,000 tests were processed by the Company’s joint-venture, Innovative Diagnostics Laboratory, LLP (“IDL”) in the quarter.

- Successfully concluded joint buyout of Health Diagnostic Laboratory, Inc. (“HDL”) interest in IDL, increasing GeneNews’ ownership stake to 50%.

- All billings have been transitioned to a larger, more sophisticated third-party billing company, strengthening IDL’s reimbursement program.

- Appointed nationally recognized expert on quality improvement, value-based care, coverage and reimbursement. Dr. Joel V. Brill, as Chief Medical Officer.

TORONTO, CANADA (August 14, 2015): GeneNews Limited (TSX:GEN) (“GeneNews” or the “Company”) today reported operational and financial results for the three-month and six-month periods ended June 30, 2015, and provided a further progress update on IDL’s operations.

Q2-2015 Financial Results

All dollar amounts are expressed in Canadian currency unless otherwise indicated and results are reported in accordance with International Financial Reporting Standards.

Revenues earned by IDL for the three-month period ended June 30, 2015 were approximately $3.0 million (US$2.4 million) with costs incurred of approximately $5.7 million (US$4.6 million), resulting in a loss of approximately $2.7 million (US$2.2 million). Revenues earned by IDL for the six-month period ended June 30, 2015 were approximately $6.3 million (US$5.1 million) with costs incurred of approximately $12.7 million (US$10.3 million), resulting in a loss of approximately $6.4 million (US$5.2 million). As GeneNews has joint control of IDL with its American partner, the Company accounts for its interest in IDL using the equity method. As a result, GeneNews reflected its share of the total revenues less total expenses in its consolidated statements of loss and comprehensive loss, which was $2.2 million.

“IDL recognizes revenue only upon receipt of payment from its customers,” commented GeneNews’ Executive Chairman, James Howard-Tripp. “While we have implemented a number of changes recently to improve IDL receivables processing, there remains work to do on that front to get the results to where we want them to be. Accordingly, IDL’s test processing volumes are not yet fully reflected in its financial results.”

For the three months ended June 30, 2015, GeneNews’ total revenues were approximately $730,000 as compared to $440,000 in the same period in 2014. The net loss for the second quarter of 2015 was approximately $1.6 million, or $0.03 loss per common share, as compared to a net loss of approximately $2.7 million, or $0.06 loss per common share, for Q2-2014.

The Company ended the second quarter of 2015 with $570,000 in cash and cash equivalents. The Company also announced that it has accepted subscriptions for a non-brokered private placement offering reflecting amended terms whereby each unit comprises one common share and one warrant; each warrant entitles the holder to...
purchase one common share for $0.50 on or before September 15, 2017. These amended subscriptions total approximately 3.96 million units at a price of $0.32 per unit for gross proceeds of approximately $1.27 million. The closing is expected to occur on or around August 18, 2015 and is subject to TSX approval.

The Company's financial statements and management's discussion and analysis are available on www.sedar.com.

**IDL Progress Update**

2014 was the first full year of IDL’s commercial operation and was characterized by the enthusiastic acceptance of its lead test, ColonSentry®, by physicians, the expansion of its offering menu via the successful in-licensing of the EarlyCDT®-Lung and PHI tests, and the addition of 16 other supportive tests.

Under the original three-party structure of the joint-venture, HDL’s primary role was to establish lab operations and manage human resources, finance, marketing and reimbursement. In the later stages of IDL’s scale-up, HDL’s focus began to shift away from IDL due to internal challenges at HDL, the result of which was a slowing in the growth of tests processed and reimbursement not being maximized. In response, GeneNews and joint-venture partner, Cobalt Healthcare Consultants, Inc. (“Cobalt”) initiated negotiations in September 2014 to purchase HDL’s shares in IDL. Concurrently, GeneNews began to take a proactive role in bringing a number of functions in house directly at IDL, transitioning these responsibilities from HDL. Also, beginning in January 2015, the integration of finance, reimbursement and back-office roles were undertaken directly by IDL employees and IDL’s IT infrastructure was moved out of HDL. Other changes in the first half of 2015 included the appointment of a senior reimbursement executive with a mandate to increase the sophistication of IDL’s billing process and success of collection, and the re-negotiation of several onerous contracts without penalty.

In May 2015, GeneNews and Cobalt acquired HDL’s thirty-three and one third percent (33 1/3%) ownership stake in IDL. Combined with their prior investments in IDL, GeneNews and Cobalt now each own a 50% equity interest in the joint-venture. In connection with the restructuring of IDL, Floyd C. Dent resigned from GeneNews’ Board of Directors, effective June 30, 2015. The employees, management and directors of GeneNews would like to thank Mr. Dent for his valuable contributions.

With greater leadership and control over IDL’s activities, GeneNews began focusing its efforts in Q2-2015 on re-establishing IDL’s growth trajectory by:

- Completing the transition of IDL billings to the new third-party billing provider in line with its new comprehensive reimbursement strategy;

- Bringing the Cobalt contract sales force in-house at IDL;

- Adding marketing and sales support;
• Building out an inside-sales effort to enhance the activity of IDL’s sales representatives and to provide support to regions not yet fully covered by sales representative activity;

• Establishing additional contractual relationships with hospital and large practice groups; and

• Continuing to expand IDL’s menu of advanced cancer assays.

“In keeping with its "multi-view" approach to the diagnosis and treatment of cancer, IDL remains committed to the strategic expansion of its menu of advanced cancer assays,” said Mr. Howard-Tripp. “The sphingotest® breast cancer risk prediction assays, to be branded as the BreastSentry® test, is currently being validated as a lab developed test and IDL expects to be able to offer it to patients and physicians early in 2016. IDL is also in discussions with respect to in-licensing additional technologies this year. Several of these are novel, proprietary diagnostics with IDL as the sole U.S. laboratory, reinforcing the positioning of IDL as a leading diagnostic lab focused on early cancer detection.”

Mr. Howard-Tripp concluded, “With the restructuring of IDL essentially complete, including GeneNews’ ownership interest in the joint-venture upsized to 50%, the move to internalize and further support IDL’s sales force, and three major cancer diagnostics plus 16 supportive tests successfully launched, with more tests to come, all of our focus has returned to re-establishing growth in both test volumes and revenue. As always, we look forward to updating our stakeholders as we progress.”

About GeneNews

GeneNews is focused on developing and commercializing proprietary molecular diagnostic tests for the early detection of diseases and personalized health management, with a primary focus on cancer-related indications. The Company’s lead product, ColonSentry®, is the world's first blood test to assess an individual's current risk for colorectal cancer. In 2013, GeneNews created a U.S. joint venture, Innovative Diagnostic Laboratory, LLP ("IDL"), that it is committed to help become a leader in molecular diagnostics and personalized medicine, serving as a strong commercialization outlet for advanced cancer tests. Taking a multi-view approach to the diagnosis and treatment of cancer, IDL is working to assemble, through a combination of internal pipeline development, third-party licenses and potential acquisitions, a robust menu of novel, proprietary tests to be offered by it throughout the United States. GeneNews' common shares trade on the Toronto Stock Exchange under the symbol 'GEN'. More information on GeneNews and IDL can be found at www.GeneNews.com and www.MyInnovativeLab.com, respectively.

Forward-Looking Statements

This press release contains forward-looking statements identified by words such as “expects”, “will” and similar expressions, which reflect the Company's current expectations regarding future events, including the launch of ColonSentry® test across the United States, the launch of BreastSentry® test and the assembling of a robust menu of other advanced cancer tests to be offered by IDL. The forward-looking statements involve risks and uncertainties, including market reaction to the launch of the ColonSentry® test into new regions, that could cause the Company’s actual events to
differ materially from those projected herein. Investors should consult the Company's ongoing quarterly filings and annual reports for additional information on risks and uncertainties relating to these forward-looking statements. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements, except as required by law.

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