The following information prepared as at December 17, 2007 should be read in conjunction with Helix BioPharma Corp.'s (the “Company” or “Helix”) unaudited interim consolidated financial statements and note disclosure for the three month period ended October 31, 2007, which has been prepared in accordance with Canadian generally accepted accounting principles. In addition, this information should also be read in conjunction with the Company's audited consolidated financial statements and related note disclosure and Management’s Discussion and Analysis for the year ended July 31, 2007, which have also been prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in Canadian currency unless otherwise noted.

This Management’s Discussion and Analysis contains certain forward-looking statements based on current expectations that are subject to risks and uncertainties beyond management’s control and could cause actual results to differ materially from those expressed herein. Risk factors and uncertainties are discussed under the headings “Risks and Uncertainties” and “Forward-looking Statements” as well as in the Company’s Annual Information Form, which can be found on SEDAR at www.sedar.com. Helix undertakes no obligation to revise forward-looking statements in light of future events.

Additional information relating to the Company, including its Annual Information Form, can be found on the Company’s website, www.helixbiopharma.com and/or on SEDAR at www.sedar.com.

OVERVIEW
Helix is a biopharmaceutical company developing novel products for the treatment of cancer and precancerous conditions. The Company generates revenues from three sources: (i) product sales, (ii) license fees and royalties, and (iii) contract research and development, as well as interest earned from short-term investments. To date, cash flows from these activities and from the issuance of its common shares have financed Helix’s research and development initiatives.

As the Company has several projects in the development stage, it expects to incur additional losses and will require additional financial resources. The continuation of the Company’s research and development activities and the commercialization of its products is dependent upon the Company’s ability to successfully complete its research programs, protect its intellectual property and finance its cash requirements on an ongoing basis. It is not possible to predict the outcome of future research and development activities or the financing thereof.

Helix is committed to exploring new approaches to the development of cancer therapeutics. Helix’s vision is to develop a portfolio of effective new anti-cancer therapeutics based on its innovative technologies and bring these products to patients worldwide. Helix is principally focused on pursuing the clinical development of two emerging drug products with distinct anti-cancer applications: Topical Interferon Alpha-2b and L-DOS47.
**Topical Interferon Alpha-2b**

Helix is developing Topical Interferon Alpha-2b for the treatment of early stage cervical dysplasia and ano-genital warts ("AGW") caused by the Human Papilloma Virus ("HPV"). HPV is one of the most common sexually transmitted infections, causing AGW as well as being linked to a variety of cancers.

Helix’s Topical Interferon Alpha-2b formulation incorporates the Company’s patented Biphasix™ technology. The Biphasix™ technology facilitates the delivery of macromolecules such as interferon alpha-2b across the surface of skin/mucosal tissues. Topical Interferon Alpha-2b is designed to deliver interferon alpha-2b therapy to the basal epidermal layer, combating HPV infections where they would otherwise cause abnormal cellular proliferation.

Human leukocyte-derived Interferon alpha-2b is a well established, recombinantly produced drug therapy with potent antiviral effects that is available today in injectable preparations only. Helix’s Topical Interferon Alpha-2b is intended to offer a superior cream dosage form of interferon alpha-2b specially designed for the treatment of dermatological disease states.

In addition to the use of Topical Interferon Alpha-2b as a treatment for HPV-induced cervical and ano-genital lesions, Helix believes that there is excellent potential to develop the product for additional indications. Specifically, injectable interferon alpha-2b therapy has already been indicated or experimentally tested by others for additional widespread dermatological disease states including anal dysplasia, Kaposi’s sarcoma, actinic keratosis, basal cell carcinoma and malignant melanoma. In contrast to injectable administration, Helix believes that its topical preparation could conceivably offer a superior means of delivering potent interferon alpha-2b therapy for the treatment of conditions such as these. However, the Company is not currently allocating any resources to these other potential clinical applications.

In fiscal 2007, Helix achieved positive results from its German Phase II clinical study of Topical Interferon Alpha-2b in women with potentially precancerous, HPV induced low-grade cervical lesions ("LSIL"). Based on these positive findings, Helix plans to progress to large, randomized, placebo-controlled double-blind studies to evaluate the product in an expanded patient population. Helix believes that study protocol improvements may allow the clinical outcomes to be enhanced even further. Preparations are underway in anticipation of Investigational New Drug ("IND") and Clinical Trial Application ("CTA") filings in the U.S. and Europe respectively, in 2008. This includes plans to identify a new contract manufacturing organization to service the Topical Interferon Alpha-2b scale-up GMP production requirements for these upcoming trials. In addition, Helix plans to address U.S. and European regulators by way of "pre-IND" or "scientific advice meetings" in the early part of the 2008 calendar year, through which its path to IND/CTA filings will be established.

Helix believes that Topical Interferon Alpha-2b has strong potential to become a significant therapy for women with cervical LSIL. There is no pharmaceutical therapy available for the millions of women in the world today that present with cervical LSIL annually. Accordingly, Helix believes there is a clear, unmet medical and market need for its product candidate for this purpose.

In fiscal 2007, Helix also announced the commencement of patient enrollment in a Phase II clinical trial of Topical Interferon Alpha-2b in patients with AGW. The trial is currently being conducted at multiple centers in Sweden, under the direction of Dr. Pål Wölner-Hanssen, the coordinating investigator located at the University Hospital of Lund.

The Swedish trial, as planned, is a multi-center, double-blind, randomized placebo-controlled trial. This trial involves a team of investigators in multiple centers in Sweden with expected enrollment of 120 patients, comparing treatment to placebo over an examination span of four months per patient. The Company has contracted the services of a contract research organization to manage the trial in Sweden. This clinical trial
continues to progress, though at a slower pace than originally anticipated, due to a lower patient enrollment rate. The Company is currently implementing a protocol amendment with the intention of restoring the recruitment rate and completing patient enrollment within the 2008 calendar year.

**DOS47 – A broad anti-cancer therapeutic candidate**

DOS47 was conceived to offer a novel approach to cancer therapy by leveraging a natural process in the body called the urea cycle, to produce an anti-cancer effect. DOS47 is based upon a naturally occurring enzyme called urease that essentially reverses the urea cycle by breaking down urea into metabolites that include ammonia and hydroxyl ions. By doing so at the site of cancerous tissues in the body, DOS47 is believed to modify the microenvironmental conditions of cancerous cells in a manner that leads to their death.

Among these theorized effects, DOS47 is believed to stimulate an increase in the pH of the microenvironment surrounding the cancerous cells, effectively reversing the acidic extra-cellular conditions that are known to be necessary for cancer cell survival. The local production of ammonia at the site of cancerous tissues is thought to readily diffuse into the cancer cells to exert a potent cytotoxic effect by interfering with their critical metabolic functions. As well, the enzymatic action of urease at the site of cancerous cells is believed to be repetitive and sustainable due to the plentiful supply of urea that is furnished by the body.

The Company most recently has been awarded two DOS47 patents from the U.S. patent office, which will expire in 2022. The first patent covers the use of targeted DOS47 based therapeutics as a monotherapy, while the second covers DOS47-based therapeutics to be used in combination regimens with weakly basic chemotherapeutics.

**L-DOS47**

L-DOS47 is the first targeted therapeutic under development based upon Helix’s DOS47 technology. L-DOS47 is designed to specifically target lung cancer cells in the body following systemic administration by combining the urease compound with a highly specialized antibody designed to specifically target an antigenic site predominantly associated with lung adenocarcinoma cells. Helix believes this approach will allow L-DOS47 to act specifically on cancer tissue, thus reducing any unwanted toxic effects on the body’s healthy cells, as are common with many of today’s chemotherapeutic drugs.

During 2007, Helix made significant progress in its preclinical development program for L-DOS47. Pharmacology studies were conducted in animals demonstrating that L-DOS47 inhibits the growth of tumors derived from a human lung adenocarcinoma cell line. In addition, pilot repeat-dose animal toxicology studies were conducted, through which L-DOS47 was well tolerated at doses within and above the dose range shown to be efficacious in the tumor growth inhibition studies. These findings were paramount in providing critical supportive evidence for IND filing, which Helix expects to complete in 2008.

In parallel with these studies, Helix has advanced its scale-up manufacturing program in anticipation of furnishing product for future clinical testing.

Going forward, Helix is preparing to conduct expanded animal testing and to develop clinical testing protocols in order to satisfy the regulatory requirements for IND filing. Helix intends to seek approval in 2008 from the U.S. Food and Drug Administration (“FDA”) for a Phase I clinical study in lung adenocarcinoma patients. As an integral part of the IND process, Helix also intends to conduct a pre-IND meeting with the FDA in the early part of the 2008 calendar year, to confirm its IND submission plans.
Helix continues to explore opportunities to expand upon its product pipeline with new DOS47-based therapeutics, pending the identification of further tumor targeting agents like the lung adenocarcinoma antibody component of L-DOS47. In addition, Helix believes that L-DOS47 therapy may have benefits both as a monotherapy and in certain combination chemotherapy regimens.

BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES
These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all the information required for complete financial statements. They are consistent with the accounting policies outlined in the Company’s audited consolidated financial statements for the year ended July 31, 2007. These unaudited interim consolidated financial statements and related notes should be read in conjunction with the Company’s audited consolidated financial statements for the year ended July 31, 2007. When necessary, these unaudited interim consolidated financial statements include amounts based on informed estimates and the best judgements of management. The results of operations for the interim periods reported are not necessarily indicative of results to be expected for the year.

Significant areas requiring the use of estimates are stock-based compensation, the assessment of impairment in the value of investments, determination of useful lives and assessment of impairment in the value of long-lived assets, such as capital assets, acquired technology under development and patents, determination of fair value of stock options granted for estimating stock-based compensation expense, the allocation of proceeds to share purchase warrants and the determination of valuation allowance of future tax assets. In determining these estimates, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. These assumptions are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events. The Company believes that the estimates and assumptions upon which it relies are reasonable based upon information available at the time that these estimates and assumptions are made. Actual results could differ from these estimates.

RESULTS FROM OPERATIONS
Three month period ended October 31, 2007 compared to the same period in the previous year
Revenues were higher in the first quarter of fiscal 2008 when compared to the first quarter of 2007 with margins remaining relatively flat. Overall expenses in the first quarter of fiscal 2008 were higher when compared to fiscal 2007 and are mainly attributable to a one time charge related to the resignation of the Company’s Chairman which is reflective of the higher loss for the period. The Company adopted four new accounting standards in the first quarter of fiscal 2008, of which one impacted the Company, resulting in a net unrealized gain on an available-for-sale investment.

Loss for the period
During the first quarter of fiscal 2008, the Company recorded a loss of $1,644,000 or $0.05 per common share, resulting in an increase of $302,000 when compared to the first quarter of fiscal 2007. The Company recorded a loss of $1,342,000, or $0.04 per common share in the first quarter of fiscal 2007.

Revenues
Revenues in the first quarter of fiscal 2008 totaled $885,000 (2007 – $826,000), resulting in an increase of $59,000 or 7.1% when compared to the first quarter of fiscal 2007.
Product Revenues
Product revenues totaled $754,000 in the first quarter of fiscal 2008 and represent 85.2% of total revenues. When compared to the first quarter of fiscal 2007, product revenues increased by $58,000 or 8.3% and are primarily driven by Klean-Prep™ product sales.

License fees and royalty revenue
License fees and royalties totaled $131,000 in the first quarter of fiscal 2008 and represent 14.8% of revenues. When compared to the first quarter of fiscal 2007, license fees and royalties were higher by $1,000 or 1.0%. The license fees and royalties in the first quarter of fiscal 2008 and 2007 were comprised solely of royalties related to sales of Klean-Prep™ outside of Canada.

Research and Development Contract Revenue
The Company had no research and development contract revenue in both the first quarters of fiscal 2008 and 2007.

Cost of Sales and Margins
Cost of sales totaled $313,000 in the first quarter of fiscal 2008 (2007 - $290,000) with margins remaining relatively flat. Margins, on a percentage basis, in the first quarter of fiscal 2008 were 58.5% (2007 – 58.3%).

Research & Development
Research and development costs in the first quarter of fiscal 2008 totaled $782,000 (2007 – $871,000) for a decrease of $89,000. Lower research and development costs in the first quarter of fiscal 2008 mainly reflect timing of expenditures associated with the Company’s L-DOS47 program.

Research and development expenditures related to Topical Interferon Alpha-2b remained relatively flat, with expenditures from the late stage phase II German study during the first quarter of fiscal 2007 being offset by expenditures in the first quarter of fiscal 2008 relating to patient enrollment in the phase II trial in Sweden along with costs associated with patent filings and consulting services.

The Company expects to increase its R&D spending through the remainder of fiscal 2008, as its Topical Interferon Alpha-2b and L-DOS47 product candidates continue to be developed.

Operating, General & Administration
Operating, general and administration expenses in the first quarter of fiscal 2008 totaled $1,313,000 (2007 – $906,000), for an increase of $407,000. The increase is mainly attributable to a one time charge of $434,000 relating to the resignation of the Company’s Chairman.

Amortization of Intangible and Capital Assets
Amortization of intangible assets in the first quarter of fiscal 2008 totaled $7,000 (2007 – $40,000). The variance is due to certain intangible assets which have now been fully amortized. Amortization of capital assets in first quarter of fiscal 2008 totaled $66,000 (2007 – $77,000).

Stock-based Compensation
Stock-based compensation expense in the first quarter of fiscal 2008 totalled $12,000 (2007 – $12,000). The stock-based compensation expense relates to the ongoing amortization of compensation costs of stock options granted on June 30, 2005, over their vesting period.
Interest income
Interest income in the first quarter of fiscal 2008 totaled $104,000 and remained flat when compared to the first quarter of fiscal 2007 which totaled $102,000.

Foreign exchange loss
Foreign exchange losses in the first quarter of fiscal 2008 totaled $108,000 (2007 – $45,000). Foreign exchange losses resulting from the foreign currency translation of the Company’s integrated foreign operation in Ireland were offset by foreign exchange gains related to the Canadian dollar appreciation versus the U.S. dollar. The net assets in Europe consist mainly of cash and cash equivalents, denominated in Euro currency and are used to fund clinical trials of Topical Interferon Alpha-2b in Europe.

Income taxes
Income tax expense in the first quarter of fiscal 2008 totaled $32,000 (2007 – $29,000). All income taxes are attributable to the Company’s operations in Europe.

Other comprehensive income
In the first quarter of fiscal 2008, the Company recorded comprehensive income of $16,000 and accumulated other comprehensive income totaling $148,000. The total amount of $164,000 represents an adjustment to fair value of available-for-sale financial instruments, which in this case, represent shares in Orchid Cellmark Inc., a Nasdaq listed company. See “New Accounting Policies” – “Financial Instruments”, below.

CASH FLOW
Operating activities
Net loss from operations totaled $1,644,000 in the first quarter of fiscal 2008 (2007 – $1,342,000) for an increase of $302,000. Excluding non-cash and working capital items, the cash used in the first quarter of fiscal 2008 totaled $1,836,000 (2007 – $1,602,000) and represents an increase of $234,000.

Financing activities
Financing activities in the first quarter of fiscal 2008 were nil (2007 – $6,480,000). In the first quarter of fiscal 2007, the Company completed a private placement with net proceeds of $6,480,000.

Investing activities
Investing activities in the first quarter of fiscal 2008 used cash of $50,000 while in the first quarter of fiscal 2007 investing activities provided a source of cash totaling $6,625,000. The majority of the reduction in investing activities reflects the redemption of $6,640,000 in short term investments in the first quarter of fiscal 2007. Capital purchases were negligible in both the first quarters of fiscal 2008 and 2007 totaling $50,000 and $15,000, respectively.

LIQUIDITY, CAPITAL RESOURCES AND OUTLOOK
Since inception, the Company has financed its operations from public and private sales of equity, the exercise of warrants and stock options, interest income on funds available for investment, government grants, investment tax credits, and revenues from distribution, licensing and contract services. Since the Company does not have net earnings from its operations, the Company’s long-term liquidity depends on its ability to access the capital markets, which depends substantially on the Company’s ongoing research and development programs.
At October 31, 2007, the Company had cash and cash equivalents totaling $9,578,000 (July 31, 2007 – $11,379,000), a decrease of $1,801,000. The total number of common shares issued at the end of the first quarter of fiscal 2008 was 36,335,335 (July 31, 2007 – 36,335,335).

At October 31, 2007, the Company's working capital was $9,859,000 (July 31, 2007 - $11,468,000). After taking into consideration the Company's anticipated revenue, planned research and development expenditures and assuming no unanticipated expenses, the Company expects that its current working capital will be sufficient to finance operations through to September 2008. On the assumption that the private placement referred to below closes as planned, and then based on the same factors, the Company expects that it will have sufficient working capital to finance operations beyond the 2009 fiscal year.

Subsequent to the first quarter of fiscal 2008, the Company received subscriptions for the purchase, by way of private placement, of a total of 10,040,000 common shares at $1.68 per share, for gross proceeds totalling CDN$16,867,200. The Company anticipates closing the private placement before the end of December 2007.

The Company will continue to seek additional funding, primarily by way of equity offerings, to carry out its business plan and to minimize risks to its operations. The market, however, for equity financings for companies such as Helix is challenging, and there can be no assurance that additional funding by way of equity financing will be available. The failure of the Company to obtain additional funding on a timely basis may result in the Company reducing or delaying one or more of its planned research, development and marketing programs and reducing related personnel, any of which could impair the current and future value of the business. Any additional equity financing, if secured, may result in significant dilution to the existing shareholders at the time of such financing. The Company may also seek additional funding from other sources, including technology licensing, co-development collaborations, and other strategic alliances, which, if obtained, may reduce the Company’s interest in its projects or products. There can be no assurance, however, that any alternative sources of funding will be available.

OUTSTANDING SHARE DATA
On the date of this filing, the Company had outstanding 36,335,335 common shares, warrants to purchase up to 9,145,609 common shares and incentive stock options to purchase up to 3,272,500 common shares.

SELECTED FINANCIAL INFORMATION
Summary of Quarterly Financial Information
The following table summarizes the Company’s unaudited quarterly consolidated financial information for each of the last eight quarters, all of which cover periods of three months. This data has been derived from the unaudited consolidated financial statements, which were prepared on the same basis as the annual consolidated financial statements and, in the Company's opinion, includes all adjustments necessary, consisting solely of normal recurring adjustments, for the fair presentation of such information.
Revenue consists of (i) royalty payments from Helsinn-Birex relating to its license of the Company’s Klean-Prep™ technology (ii) distribution revenue from Rivex Pharma, a wholly-owned subsidiary of the Company, including the distribution in Canada of Klean-Prep™, and (iii) some contract revenue from research and development work done for Apotex Inc. (“Apotex”).

Distribution revenue consists mainly of revenue from the sale in Canada of Orthovisc®, which prior to the fourth quarter of 2006 was steadily increasing, then began to decline due to the entry of a competitor into the market. Orthovisc® revenues now appear to remain relatively stable.

The Company’s license arrangement with Lumera provides for certain minimum royalty payments, one of which was received by the Company in the third quarter of fiscal 2006 along with a contract payment from Apotex in that quarter. These payments contributed to the higher revenue for the said quarter, along with the Orthovisc® revenue which peaked in that quarter.

The contract with Apotex was fully completed and the final payment received in the third quarter of fiscal 2007. The Company currently has no existing plans to contract its research and development services out to others, and instead, is focusing its resources on the development of the Company’s Topical Interferon Alpha-2b.

Quarterly net losses have remained consistent on a quarter over quarter basis with the exception of the second quarter of fiscal 2007 and the higher than average losses in the fourth quarters of each of the last three fiscal years. The large increase in the second quarter of 2007 reflects the significantly higher than normal costs for an annual shareholder meeting of Helix shareholders due to dissident shareholder action and were mainly attributable to higher legal, investor relations, proxy solicitation and related meeting costs. The larger fourth quarter net losses in each of the fiscal years reflects a combination of stock-based compensation expenses and/or one time write downs of intellectual property.
Contractual commitments
There have been no material changes with respect to contractual commitments requiring payments during the first quarter of fiscal 2008 that are outside the ordinary course of the Company’s business.

Please refer to the MD&A included in the Company’s 2007 annual report, which was filed on SEDAR at www.sedar.com.

Off-balance sheet arrangements
The Company does not have any off-balance sheet arrangements.

Related party transactions
Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Effective September 2006, the Company’s contractual arrangement to pay a director of a subsidiary company for consulting services, was terminated. Prior to September 2006, the Company paid the director $2,500 per month for consulting services.

For the three month period ended October 31, 2007, the Company paid $61,000 (October 31, 2006 – $56,000) to Cawkell Brodie Glaister LLP, legal counsel to the Company. A director of the Company is a partner of Cawkell Brodie Glaister LLP.

The Company has the following related party transactions:

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<tr>
<th>(thousand $)</th>
<th>2007</th>
<th>2006</th>
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<tbody>
<tr>
<td>For the three months ended October 31</td>
<td></td>
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<tr>
<td>Research and development expense paid to a director of a subsidiary</td>
<td>$ -</td>
<td>$ 2</td>
</tr>
<tr>
<td>Professional, legal and consulting fees to directors, partnerships and/or companies in which directors have a substantial interest</td>
<td>61</td>
<td>56</td>
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</table>

RECENT CANADIAN ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Capital Disclosures
CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity’s objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically August 1, 2008 for the Company. The Company has not yet determined the impact of the adoption of this change on the disclosure in its consolidated financial statements.

Financial Instruments - Disclosure
CICA Handbook Section 3862, Financial Instruments – Disclosure, increases the disclosure currently required that will enable users to evaluate the significance of financial instruments for an entity’s financial position and performance, including disclosures about fair value. In addition,
Disclosure is required of qualitative and quantitative information about exposure to risk arising from financial instruments, including specified minimum disclosures about liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically August 1, 2008 for the Company. The Company has not yet determined the impact of the adoption of this change on the disclosure in its consolidated financial statements.

**Financial Instruments – Presentation**
CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on presentation of financial instruments which have been carried forward unchanged to this section. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically August 1, 2008 for the Company. The Company does not expect the adoption of this standard to have any impact on the consolidated financial statements.

**Inventories**
CICA Handbook Section 3031, Inventories, replaces Section 3030 and establishes new standards for the measurement and disclosure of inventories. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, specifically August 1, 2008 for the Company. The Company has not yet determined the impact of the adoption of this change on the disclosure in its consolidated financial statements.

**General Standards on Financial Statement Presentation**
CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity’s ability to continue as a going concern. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, specifically August 1, 2008 for the Company. The Company does not expect the adoption of these changes to have an impact on its consolidated financial statements.

**International Financial Reporting Standards**
The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company’s consolidated financial statements is not yet determinable.

**NEW ACCOUNTING POLICIES**

**Accounting changes**
Effective August 1, 2007, the Company has adopted the new recommendations of the CICA Handbook Section 1506, Accounting Changes. Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and/or relevant information. These recommendations also require changes in accounting policy to be applied retrospectively unless doing so is impracticable, require prior period errors to be corrected retrospectively, require enhanced disclosures about the effect of changes in accounting policies, estimates and errors on the financial statements and require disclosure of new primary sources of GAAP that have been issued but not yet effective. The impact that the adoption of this section will have on the Company’s financial statements will depend on the nature of future accounting changes and the required additional disclosure on recent accounting pronouncements.
Financial instruments
Effective August 1, 2007, the Company has adopted the new recommendations of the CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 1530, Comprehensive Income; Section 3251, Equity; Section 3861, Financial Instruments – Disclosure and Presentation; and Section 3865, Hedges. The new standards will require presentation of separate statement of comprehensive income under specific circumstances.

Under section 3855, all financial instruments are to be classified into one of the following five categories: held-for-trade, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives are included in the unaudited interim consolidated balance sheet and are measured at fair value with the exception of held-to-maturity investments, loans and receivables and other financial liabilities, which are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial assets are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is derecognized or impaired.

As a result of the adoption of these new standards, the Company has classified cash as held-for-trading and investments as available-for-sale. Receivables are classified as loans and receivables. Accounts payable and accruals are classified as other financial liabilities. In the first quarter of fiscal 2008 the Company recognized $16,000 in comprehensive income and $148,000 as other comprehensive income. The Company classified its investment in shares of Orchid as available-for-sale and adjusted the valuation of Orchid to fair value in the quarter.

INTERNAL CONTROL OVER FINANCIAL REPORTING
The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

The Company has identified the need for improvement with regards to segregation of duties, complex accounting and matters of taxation. These matters and their related risks are not uncommon in a company of Helix’s size. To date, Helix has utilized external advisors and taken such other actions as it has considered appropriate to minimize these risks. In addition, management is taking appropriate steps to further analyze and improve these areas.

During the first quarter of fiscal 2008, the Company did not make any changes to its systems of internal controls. During fiscal 2008 the Company will undergo a detailed analysis of internal controls as it undergoes an implementation of a new financial accounting system.

RISKS AND UNCERTAINTIES
Helix is subject to risks, events and uncertainties, or “risk factors”, associated with being both a publicly traded company operating in the biopharmaceutical industry, and as an enterprise with several projects in the research and development stage. As a result of these risk factors, reported financial information may not necessarily be indicative of future operating results or of future financial position. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company’s business or the extent to which any factor, or combination of factors, may cause future results or financial position to differ materially from either those reported or those projected in any forward-looking statement or information. Accordingly, reported financial information and forward-looking statements and information should not be relied upon as a prediction of future actual results. Some of the risks and uncertainties affecting the Company, its business, operations and results include, but are not limited to, the risk that the $16.9 million private placement may not close, either wholly or in part, which would result in the Company continuing to need additional capital in the near term, which may not be available in a timely manner or at all and which, if not
obtained, will have a material adverse impact on the Company and its ability to continue; uncertainty whether an IND or CTA will be compiled or submitted for Topical Interferon Alpha-2b or L-DOS47 as currently planned or at all, or if submitted, whether the Company will be permitted to undertake human testing; uncertainty whether Topical Interferon Alpha-2b or L-DOS47 will be successfully developed and marketed as a drug or at all; intellectual property risks, including the possibility that patent applications may not result in issued patents, that issued patents may be circumvented or challenged and ultimately struck down, that any upcoming expiry of an issued patent may negatively impact the further development or commercialization of the underlying technology, and that the Company may not be able to protect its trade secrets or other confidential proprietary information; research and development risks, including uncertainty whether the L-DOS47 preclinical program will be completed as planned or at all; the risk of obtaining negative findings or factors that may become apparent during the course of research or development which may result in the discontinuation of the research or development projects; partnership/strategic alliance risks and in particular, the need for performance by the Company’s licensees and other collaborators; the risk that the Company’s license optionee for Topical Interferon Alpha-2b may not continue to provide the Company with interferon alpha-2b or exercise its option, which would have a material adverse effect on the drug’s further development and commercialization; the need to secure new strategic relationships, which is not assured, to commercialize L-DOS47 and any other drug candidates which may arise out of DOS47; uncertainty whether the Swedish clinical study will be undertaken or completed as planned or at all or will achieve expected results; the need for future clinical trials, the occurrence and success of which cannot be assured; manufacturing risks, the need to manufacture to regulatory standards, and uncertainty whether the manufacturing process for the Company’s drug candidates can be further scaled-up successfully or at all; the Company’s dependence on a few customers and a few suppliers, the loss of any of which would negatively impact the Company’s operations; uncertainty of the size and existence of a market opportunity for, and market acceptance of, the Company’s products and those of its customers and licensees; uncertainty as to availability of raw materials, and in particular, cGMP grade materials, on acceptable terms or at all; product liability and insurance risks; the effect of competition; the risk of unknown side effects; the possibility that the Company will pursue additional development projects or other business opportunities; market volatility; the need to attract and retain key personnel; the Company’s dependence on assurances from third parties regarding licensing of proprietary technology owned by others; government regulation and the need for regulatory approvals for both the development and commercialization of products, which are not assured; rapid technological change and competition from pharmaceutical companies, biotechnology companies and universities, which may make the Company’s technology or products obsolete or uncompetitive; risks associated with claims of infringement of intellectual property and of proprietary rights; exchange rate fluctuations; political, economic and environmental risks; the risk of unanticipated expenses or unanticipated reductions in revenue, or both; the risk of litigation which could be time-consuming and expensive and which the Company might lose; the risk that the Company may be called upon to indemnify its directors and officers, pursuant to indemnity agreements entered into with them; and other risk factors that are discussed or identified in the Company’s public filings, including those discussed under the heading “Risk Factors” in the Company’s latest Annual Information Form at www.sedar.com, which are incorporated herein by reference.

FORWARD-LOOKING STATEMENTS
This Management’s Discussion and Analysis contains forward-looking statements and information, which are statements and information that are not historical facts but instead include financial projections and estimates and their underlying assumptions; statements regarding plans, goals, objectives and expectations with respect to the Company’s future business and operations, including its research, development and commercialization activities, and its future products, services, revenue, customers, partners, suppliers and sales; the impact of government regulation on the Company’s operations; the Company’s share of new and existing markets; general industry and macroeconomic market sizes and growth rates and the Company’s anticipated performance relative to them; statements regarding future performance, and other information in future periods. Forward-looking statements and information can be identified by the use of forward-looking terminology such as “expects”, “committed to”, “plans”, “designed to”, “potential”, “to become”, “is developing”, “believes”, “intends”, “continues”, “going forward”, “opportunities”, “in anticipation”, “2008”, “next”, “toward”, “ongoing”, “pursue”, “to seek”, or the negative thereof or any other variations thereon or comparable
terminology referring to future events or results, or that events or conditions “will”, “may”, “could”, “would”, or “should” occur or be achieved, or comparable terminology referring to future events or results.

Forward-looking statements and information are statements and information about the future and are inherently uncertain, and are necessarily based upon a number of estimates and assumptions that are also uncertain. The Company’s actual results could differ materially from those anticipated in these forward-looking statements and information as a result of numerous factors, including those referred to below under “Risks and Uncertainties”, any of which could cause actual results to vary materially from current results or the Company’s anticipated future results. See the Company’s latest Annual Information Form and other reports filed with the Canadian Securities Regulatory Authorities at www.sedar.com from time to time for cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties that could cause actual results to differ materially from results referred to in forward-looking statements. The Company assumes no responsibility to update the information contained herein.

Dated December 17, 2007