

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-36833

**VOLITIONRX LIMITED**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation  
or organization)

**91-1949078**

(I.R.S. Employer  
Identification No.)

**13215 Bee Cave Parkway  
Suite 125, Galleria Oaks B  
Austin, Texas 78738**

(Address of principal executive offices)

**+1 (646) 650-1351**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Stock	VNRX	NYSE American

Indicate by check mark whether the registrant (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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 6, 2020, there were 47,920,377 shares of the registrant's \$0.001 par value common stock issued and outstanding.

**VOLITIONRX LIMITED**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020**

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**Use of Terms**

Except as otherwise indicated by the context, references in this Report to “Company,” “VolitionRx,” “Volition,” “we,” “us,” and “our” are references to VolitionRx Limited and its wholly-owned subsidiaries, Singapore Volition Pte. Limited, Belgian Volition SPRL, Volition Diagnostics UK Limited, Volition America, Inc., Volition Germany GmbH, and its majority-owned subsidiary Volition Veterinary Diagnostics Development LLC. Additionally, unless otherwise specified, all references to “\$” refer to the legal currency of the United States of America.

Nucleosomics<sup>TM</sup> and Nu.Q<sup>TM</sup> and their respective logos are trademarks and/or service marks of VolitionRx and its subsidiaries. All other trademarks, service marks and trade names referred to in this Report are the property of their respective owners.

**PART I FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

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**VOLITIONRX LIMITED**  
Condensed Consolidated Balance Sheets  
(Expressed in United States Dollars, except share numbers)

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<u>\$</u>	<u>\$</u>
<b>ASSETS</b>	(UNAUDITED)	
<u>Current Assets</u>		
Cash and cash equivalents	21,305,266	16,966,168
Accounts receivable	3,223	-
Prepaid expenses	585,313	267,518
Other current assets	525,013	322,593
Total Current Assets	<u>22,418,815</u>	<u>17,556,279</u>
Property and equipment, net	3,265,025	2,981,225
Operating lease right-of-use assets	234,095	381,483
Intangible assets, net	328,703	372,305
Total Assets	<u><u>26,246,638</u></u>	<u><u>21,291,292</u></u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<u>Current Liabilities</u>		
Accounts payable	1,414,266	627,253
Accrued liabilities	2,333,253	2,168,588
Management and directors' fees payable	10,499	21,979
Current portion of long-term debt	692,715	647,569
Current portion of finance lease liabilities	54,276	97,946
Current portion of operating lease liabilities	163,516	257,244
Current portion of grant repayable	39,321	39,295
Total Current Liabilities	<u>4,707,846</u>	<u>3,859,874</u>
Long-term debt, net of current portion	1,914,207	2,195,278
Finance lease liabilities, net of current portion	580,787	607,708
Operating lease liabilities, net of current portion	78,495	131,875
Grant repayable, net of current portion	302,106	297,991
Total Liabilities	<u>7,583,441</u>	<u>7,092,726</u>
 <b>STOCKHOLDERS' EQUITY</b>		
Common Stock		
Authorized: 100,000,000 shares of common stock, at \$0.001 par value		
Issued and outstanding: 46,659,554 shares and 41,125,303 shares, respectively	46,660	41,125
Additional paid-in capital	118,915,549	103,853,627
Accumulated other comprehensive income	425,276	125,670
Accumulated deficit	(100,708,942)	(89,821,856)
Total VolitionRx Limited Stockholders' Equity	<u>18,678,543</u>	<u>14,198,566</u>
Non-controlling interest	(15,346)	-
Total Stockholders' Equity	<u>18,663,197</u>	<u>14,198,566</u>
Total Liabilities and Stockholders' Equity	<u><u>26,246,638</u></u>	<u><u>21,291,292</u></u>

(The accompanying notes are an integral part of these condensed consolidated financial statements)

**VOLITIONRX LIMITED**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)**  
(Expressed in United States Dollars, except share numbers)

	<b>Three Months ended June 30,</b>		<b>Six Months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues</b>				
Royalty	1,872	-	2,112	-
Product	3,322	-	3,626	-
<b>Total Revenues</b>	<u>5,194</u>	<u>-</u>	<u>5,738</u>	<u>-</u>
<b>Operating Expenses</b>				
Research and development	3,492,845	2,478,930	7,387,811	4,953,489
General and administrative	1,508,836	1,436,461	3,212,358	2,665,901
Sales and marketing	215,891	238,124	489,845	522,404
<b>Total Operating Expenses</b>	<u>5,217,572</u>	<u>4,153,515</u>	<u>11,090,014</u>	<u>8,141,794</u>
<b>Operating Loss</b>	(5,212,378)	(4,153,515)	(11,084,276)	(8,141,794)
<b>Other Income (Expenses)</b>				
Grant income	90,946	-	98,870	-
Gain on disposal of fixed assets	93,202	-	93,202	-
Interest income	7,741	29,459	46,155	41,023
Interest expense	(22,604)	(33,115)	(56,383)	(63,216)
Other expenses	-	-	-	(196,957)
<b>Total Other Income (Expenses)</b>	<u>169,285</u>	<u>(3,656)</u>	<u>181,844</u>	<u>(219,150)</u>
<b>Provision for Income Taxes</b>	-	-	-	-
<b>Net Loss</b>	(5,043,093)	(4,157,171)	(10,902,432)	(8,360,944)
<b>Net Loss attributable to Non-Controlling Interest</b>	5,779	-	15,346	-
<b>Net Loss attributable to VolitionRx Limited Stockholders</b>	<u>(5,037,314)</u>	<u>(4,157,171)</u>	<u>(10,887,086)</u>	<u>(8,360,944)</u>
<b>Other Comprehensive Income (Loss)</b>				
Foreign currency translation adjustments	(74,320)	49,913	299,606	25,859
<b>Net Comprehensive Loss</b>	<u>(5,117,413)</u>	<u>(4,107,258)</u>	<u>(10,602,826)</u>	<u>(8,335,085)</u>
<b>Net Loss Per Share – Basic and Diluted attributable to VolitionRx Limited</b>	<u>(0.12)</u>	<u>(0.11)</u>	<u>(0.26)</u>	<u>(0.22)</u>
<b>Weighted Average Shares Outstanding</b>				
– Basic and Diluted	<u>43,414,318</u>	<u>38,876,262</u>	<u>42,312,172</u>	<u>37,266,356</u>

(The accompanying notes are an integral part of these condensed consolidated financial statements)

**VOLITIONRX LIMITED**

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

(Expressed in United States Dollars, except share numbers)

For the Three and Six Months ended June 30, 2020 and June 30, 2019

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non Controlling Interest	Total
	Shares	Amount					
	#	\$					
Balance, December 31, 2019	41,125,303	41,125	103,853,627	125,670	(89,821,856)	-	14,198,566
Common stock issued for Director compensation in Volition Germany	73,263	73	333,896	-	-	-	333,969
Common stock issued for cashless exercise of stock options	19,430	20	(20)	-	-	-	-
Stock-based compensation	-	-	192,669	-	-	-	192,669
Stock repurchase	(11,364)	(11)	(54,423)	-	-	-	(54,434)
Foreign currency translation	-	-	-	373,926	-	-	373,926
Net loss for the period	-	-	-	-	(5,849,772)	(9,567)	(5,859,339)
Balance, March 31, 2020	41,206,632	41,207	104,325,749	499,596	(95,671,628)	(9,567)	9,185,357
Common stock issued for cash, net	5,452,922	5,453	14,229,160	-	-	-	14,234,613
Stock-based compensation	-	-	360,640	-	-	-	360,640
Foreign currency translation	-	-	-	(74,320)	-	-	(74,320)
Net loss for the period	-	-	-	-	(5,037,314)	(5,779)	(5,043,093)
Balance, June 30, 2020	46,659,554	46,660	118,915,549	425,276	(100,708,942)	(15,346)	18,663,197

  

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non Controlling Interest	Total
	Shares	Amount					
	#	\$					
Balance, December 31, 2018	35,335,378	35,335	85,604,271	223,651	(73,722,801)	-	12,140,456
Common stock issued for cash	2,478,613	2,479	6,658,192	-	-	-	6,660,671
Stock-based compensation	-	-	340,458	-	-	-	340,458
Modification of financing warrants	-	-	196,957	-	-	-	196,957
Foreign currency translation	-	-	-	(24,054)	-	-	(24,054)
Net loss for the period	-	-	-	-	(4,203,773)	-	(4,203,773)
Balance, March 31, 2019	37,813,991	37,814	92,799,878	199,597	(77,926,574)	-	15,110,715
Common stock issued for cash	1,666,667	1,667	4,998,334	-	-	-	5,000,001
Stock-based compensation	-	-	379,507	-	-	-	379,507
Foreign currency translation	-	-	-	49,913	-	-	49,913
Net loss for the period	-	-	-	-	(4,157,171)	-	(4,157,171)
Balance, June 30, 2019	39,480,658	39,481	98,177,719	249,510	(82,083,745)	-	16,382,965

(The accompanying notes are an integral part of these condensed consolidated financial statements)

**VOLITIONRX LIMITED**  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(Expressed in United States Dollars)

	<b>Six Months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<u>\$</u>	<u>\$</u>
Operating Activities		
Net loss	(10,902,432)	(8,360,944)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	359,233	339,277
Amortization of operating lease right-of-use assets	125,871	26,632
Gain on disposal of fixed assets	(93,202)	-
Stock-based compensation	553,309	719,965
Shares issued for Director compensation in Volition Germany	333,969	-
Financing costs for warrants modified	-	196,957
Changes in operating assets and liabilities:		
Prepaid expenses	(317,795)	(294,833)
Accounts receivable	(3,223)	-
Other current assets	(109,213)	36,636
Accounts payable and accrued liabilities	959,425	894,097
Management and directors' fees payable	(10,497)	44,336
Right-of-use assets operating leases liabilities	(125,331)	(25,598)
Net Cash Used In Operating Activities	<u>(9,229,886)</u>	<u>(6,423,475)</u>
Investing Activities:		
Purchases of property and equipment	(597,366)	(236,831)
Net Cash Used In Investing Activities	<u>(597,366)</u>	<u>(236,831)</u>
Financing Activities:		
Net proceeds from issuances of common shares	14,234,613	11,660,672
Common stock repurchased	(54,434)	-
Proceeds from grants repayable	3,802	32,652
Proceeds from long-term debt	-	282,513
Payments on long-term debt	(234,172)	(147,421)
Payments on finance lease obligations	(69,483)	(71,165)
Net Cash Provided By Financing Activities	<u>13,880,326</u>	<u>11,757,251</u>
Effect of foreign exchange on cash	<u>286,024</u>	<u>(13,440)</u>
Net Change in Cash	4,339,098	5,083,505
Cash and cash equivalents – Beginning of Period	<u>16,966,168</u>	<u>13,427,222</u>
Cash and cash equivalents – End of Period	<u>21,305,266</u>	<u>18,510,727</u>
Supplemental Disclosures of Cash Flow Information:		
Interest paid	<u>56,383</u>	<u>63,216</u>
Non-Cash Financing Activities:		
Common Stock issued on cashless exercises of stock options	20	-
Offering costs from issuance of common stock	<u>1,229,169</u>	<u>-</u>

(The accompanying notes are an integral part of these condensed consolidated financial statements)

**Note 1 – Basis of Presentation and Summary of Significant Accounting Policies**

**Basis of Presentation**

The interim consolidated financial statements of VolitionRx Limited (the “Company”, “VolitionRx,” “we” or “us”) for the three and six months ended June 30, 2020 and June 30, 2019, respectively, are not audited. Our consolidated financial statements are prepared in accordance with the requirements for unaudited interim periods and, consequently, do not include all disclosures required to be made in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). In the opinion of our management, the accompanying consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position as of June 30, 2020, and our results of operations and cash flows for the periods ended June 30, 2020 and June 30, 2019, respectively. The results of operations for the periods ended June 30, 2020 and June 30, 2019, respectively, are not necessarily indicative of the results for a full-year period. These interim consolidated financial statements should be read in conjunction with the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the Securities and Exchange Commission (the “SEC”) on February 20, 2020.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also regularly evaluates estimates and assumptions related to impairment of long-lived assets, allowance for doubtful accounts and stock-based compensation.

The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

**Principles of Consolidation**

The accompanying condensed consolidated financial statements for the period ended June 30, 2020 include the accounts of the Company and its subsidiaries. The Company has one wholly-owned subsidiary, Singapore Volition Pte. Limited (“Singapore Volition”). Singapore Volition has one wholly-owned subsidiary, Belgian Volition SPRL (“Belgian Volition”). Belgian Volition has four subsidiaries, Volition Diagnostics UK Limited (“Volition Diagnostics”), Volition America, Inc. (“Volition America”), Volition Germany GmbH (“Volition Germany”), and its one majority-owned subsidiary Volition Veterinary Diagnostics Development LLC (“Volition Vet”). See Note 8(f) for more information regarding Volition Vet and Volition Germany. All intercompany balances and transactions have been eliminated in consolidation.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, we consider interest bearing deposits with original maturity dates of three months or less to be cash equivalents. The Company invests excess cash from its operating cash accounts in overnight investments and reflects these amounts in cash and cash equivalents in the condensed consolidated balance sheets at fair value using quoted prices in active markets for identical assets. As of June 30, 2020, cash and cash equivalents totaled approximately \$21.3 million, of which \$14.7 million was held in an overnight money market account.

**Accounts Receivables**

Trade accounts receivable are stated at the amount the Company expects to collect. Due to the nature of the accounts receivable balance, the Company believes the risk of doubtful accounts is minimal and therefore no allowance is recorded. If the financial condition of the Company’s customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. The Company may provide for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2020, the accounts receivable balance was \$3,223 and the allowance for doubtful debts was \$nil.



**Note 1 - Basis of Presentation and Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

The Company adopted Accounting Standards Codification (“ASC”) 606, “*Revenue from Contracts with Customers*,” effective January 1, 2019. Under ASC 606, the Company recognizes revenues when the customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company recognizes revenues following the five step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) the Company satisfies the performance obligation(s).

The Company generates revenue from its license agreement with Active Motif Inc. (“Active Motif”) for the sale of Research Use Only kits from which the Company receives royalties. In addition, revenue is received from external third parties for product sales and/or services the Company performs for them in its laboratory.

Revenues, and their respective treatment for financial reporting purposes under ASC 606, are as follows:

*Royalty*

The Company receives royalty revenues on the net sales recognized during the period in which the revenue is earned, and the amount is determinable from the licensee. These are presented in “Royalty” in the consolidated statements of operations and comprehensive loss. The Company does not have future performance obligations under this revenue stream. In accordance with ASC 606, the Company records these revenues based on estimates of the net sales that occurred during the relevant period from the licensee. The relevant period estimates of these royalties are based on preliminary gross sales data provided by Active Motif and analysis of historical gross-to-net adjustments. Differences between actual and estimated royalty revenues are adjusted for in the period in which they become known.

*Product*

The Company includes revenue from product sales recognized during the period in which goods are shipped to third parties, and the amount is deemed collectable from the third parties. These are presented in “Product sales” in the consolidated statements of operations and comprehensive loss.

*Services*

The Company includes revenue recognized from laboratory services performed in the Company’s laboratory on behalf of third parties in “Services” in the consolidated statements of operations and comprehensive loss.

For each development and/or commercialization agreement that results in revenues, the Company identifies all performance obligations, aside from those that are immaterial, which may include a license to intellectual property and know-how, development activities and/or transition activities. In order to determine the transaction price, in addition to any upfront payment, the Company estimates the amount of variable consideration at the outset of the contract either utilizing the expected value or most likely amount method, depending on the facts and circumstances relative to the contract. The Company constrains (reduces) the estimates of variable consideration such that it is probable that a significant reversal of previously recognized revenue will not occur throughout the life of the contract. When determining if variable consideration should be constrained, management considers whether there are factors outside the Company’s control that could result in a significant reversal of revenue. In making these assessments, the Company considers the likelihood and magnitude of a potential reversal of revenue. These estimates are re-assessed each reporting period as required.

**Note 1 - Basis of Presentation and Summary of Significant Accounting Policies (continued)**

**Basic and Diluted Net Loss Per Share**

The Company computes net loss per share in accordance with ASC 260, “*Earnings Per Share*,” which requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the statement of operations. Basic EPS is computed by dividing net loss available to common stockholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. As of June 30, 2020, 5,208,752 potential common shares equivalents from warrants, options and restricted stock units (“RSUs”) were excluded from the diluted EPS calculations as their effect is anti-dilutive.

**Reclassification**

Certain amounts presented in previously issued financial statements have been reclassified to be consistent with the current period presentation. In the statement of operations and comprehensive loss, the Company has reclassified the prior year comparative amounts of general and administrative expenses to interest income and cash flows to be consistent with the current year classification.

**Recent Accounting Pronouncements**

The Company does not believe there are any new applicable accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

**COVID-19 Pandemic Impact**

On March 11, 2020, the World Health Organization designated the outbreak of the novel strain of coronavirus known as COVID-19 as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including, but not limited to, shelter-in-place orders, quarantines, significant restrictions on travel, as well as restrictions that prohibit many employees from going to work. Uncertainty with respect to the economic impacts of the pandemic has introduced significant volatility in the financial markets. The Company did not observe significant impacts on its business or results of operations for the three and six months ended June 30, 2020 due to the global emergence of COVID-19. While the extent to which COVID-19 impacts the Company’s future results will depend on future developments, the pandemic and associated economic impacts could result in a material impact to the Company’s future financial condition, results of operations and cash flows.

**Note 2 - Going Concern**

The Company's condensed consolidated financial statements are prepared using U.S. GAAP applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred losses since inception of \$100.7 million, has negative cash flows from operations, and currently has limited revenues, which creates substantial doubt about its ability to continue as a going concern for a period of one year from the date of issuance of these condensed consolidated financial statements.

The future of the Company as an operating business will depend on its ability to obtain sufficient capital contributions, financing and/or generate revenues as may be required to sustain its operations. Management plans to address the above as needed by (a) securing additional grant funds, (b) obtaining additional financing through debt or equity transactions, (c) granting licenses to third parties in exchange for specified up-front and/or back-end payments and (d) developing and commercializing its products on an accelerated timeline. Management continues to exercise tight cost controls to conserve cash.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually attain profitable operations. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

**VOLITIONRX LIMITED**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
(\$ expressed in United States Dollars)

**Note 3 - Property and Equipment**

The Company's property and equipment consist of the following amounts as of June 30, 2020 and December 31, 2019:

		Cost	Accumulated Depreciation	June 30, 2020 Net Carrying Value
	Useful Life	\$	\$	\$
Computer hardware and software	3 years	458,766	332,512	126,254
Laboratory equipment	5 years	2,310,486	1,240,777	1,069,709
Office furniture and equipment	5 years	226,139	135,367	90,772
Buildings	30 years	1,473,212	163,665	1,309,547
Building improvements	5-15 years	720,464	141,598	578,866
Land	Not amortized	89,877	-	89,877
		<u>5,278,944</u>	<u>2,013,919</u>	<u>3,265,025</u>

  

		Cost	Accumulated Depreciation	December 31, 2019 Net Carrying Value
	Useful Life	\$	\$	\$
Computer hardware and software	3 years	426,461	280,554	145,907
Laboratory equipment	5 years	2,052,348	1,256,637	795,711
Office furniture and equipment	5 years	217,545	114,242	103,303
Buildings	30 years	1,472,211	139,021	1,333,190
Building improvements	5-15 years	630,824	117,526	513,298
Land	Not amortized	89,816	-	89,816
		<u>4,889,205</u>	<u>1,907,980</u>	<u>2,981,225</u>

During the six-month periods ended June 30, 2020 and June 30, 2019, the Company recognized \$316,405 and \$322,131, respectively, in depreciation expense.

**VOLITIONRX LIMITED**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
(\$ expressed in United States Dollars)

**Note 4 - Intangible Assets**

The Company's intangible assets consist of patents. The patents are being amortized over the assets' estimated useful lives, which range from 8 to 20 years.

			June 30, 2020
	Cost	Accumulated Amortization	Net Carrying Value
	\$	\$	\$
Patents	<u>1,148,059</u>	<u>819,356</u>	<u>328,703</u>

  

			December 31, 2019
	Cost	Accumulated Amortization	Net Carrying Value
	\$	\$	\$
Patents	<u>1,147,391</u>	<u>775,086</u>	<u>372,305</u>

During the six-month periods ended June 30, 2020 and June 30, 2019, the Company recognized \$42,828 and \$43,778, respectively, in amortization expense.

The Company amortizes the patents on a straight-line basis with terms ranging from 8 to 20 years. The annual estimated amortization schedule over the next five years is as follows:

2020 - remaining	\$	44,340
2021	\$	87,591
2022	\$	87,591
2023	\$	87,591
2024	\$	21,590
Total Intangible Assets	\$	<b>328,703</b>

The Company periodically reviews its long-lived assets to ensure that their carrying value does not exceed their fair market value. The Company carried out such a review in accordance with ASC 360 Topic "Property, Plant and Equipment" as of December 31, 2019. The result of this review confirmed that the ongoing value of the patents was not impaired as of December 31, 2019.

**Note 5 - Related Party Transactions**

See Note 6 for common stock issued to related parties and Note 7 for stock options, warrants and RSUs issued to related parties. The Company has agreements with related parties for consultancy services which are accrued under management and directors' fees payable (see condensed consolidated balance sheets).

**Note 6 - Common Stock**

As of June 30, 2020, the Company was authorized to issue 100 million shares of common stock par value \$0.001 per share, of which 46,659,554 and 41,125,303 shares were issued and outstanding as of June 30, 2020 and December 31, 2019, respectively.

**Issuances Upon Warrant and Option Exercises**

On January 7, 2020, 12,500 stock options were exercised to purchase shares of common stock at \$2.50 per share in a cashless exercise and withholding of shares for taxes that resulted in the issuance of 6,135 shares of common stock.

On January 7, 2020, 12,500 stock options were exercised to purchase shares of common stock at \$3.00 per share in a cashless exercise and withholding of shares for taxes that resulted in the issuance of 4,862 shares of common stock.

On January 7, 2020, 35,000 stock options were exercised to purchase shares of common stock at \$4.00 per share in a cashless exercise and withholding of shares for taxes that resulted in the issuance of 6,486 shares of common stock.

On January 9, 2020, 73,263 shares were issued as fully paid shares of common stock valued at \$333,969 as compensation to a managing director of Volition Germany (see Note 8(f)).

From February 24, 2020 to March 20, 2020, 8,882 stock options were exercised to purchase shares of common stock at \$2.35 per share in cashless exercises and withholding of shares for taxes that resulted in the issuance of 1,947 shares of common stock.

**Stock Repurchase**

On January 12, 2020, the Company purchased from its Chief Medical Officer 11,364 shares of our common stock at \$4.79 per share, for a total cost to the Company of \$54,434. These shares were subsequently retired.

**Equity Capital Raise**

On May 20, 2020, the Company entered into an underwriting agreement with National Securities Corporation, acting on its own behalf and as representative of the several underwriters, in connection with the public offering, issuance and sale by the Company of 4,365,000 shares of the Company's common stock, at the public offering price of \$2.75 per share, less underwriting discounts and commissions.

Under the terms of the agreement, the Company granted the underwriters an option, exercisable for 30 days from the date of the agreement, to purchase up to 654,750 additional shares of the Company's common stock to cover overallocments, if any, at the public offering price of \$2.75 per share, less underwriting discounts and commissions. On May 21, 2020, the underwriters exercised the overallocation option in full. As a result of the equity capital raise, the Company issued a total of approximately 5 million shares for aggregate gross proceeds of \$13.8 million. Additionally, in connection with this transaction, \$1.1 million was incurred in fees relating to the equity offering, resulting in net proceeds of \$12.7 million.

**Equity Distribution Agreement**

On September 7, 2018, the Company entered into an equity distribution agreement (as amended, the "Equity Distribution Agreement") with Oppenheimer & Co. Inc. ("Oppenheimer"), which agreement allows it to offer and sell shares of common stock having an aggregate offering price of up to \$10.0 million from time-to-time pursuant to a shelf registration statement on Form S-3 (declared effective by the SEC on September 28, 2018, File No.333-227248) through Oppenheimer acting as the Company's agent and/or principal. Through June 30, 2020, the Company raised aggregate net proceeds of approximately \$1.7 million under the Equity Distribution Agreement through the sale of 436,372 shares of its common stock.

During the six-month period ended June 30, 2020, the Company raised aggregate net proceeds of approximately \$1.7 million under the Equity Distribution Agreement through the sale of 433,172 shares of its common stock. Additionally, in connection with this transaction, \$104,813 was incurred in fees relating to the Equity Distribution Agreement. See Note 9 for details regarding additional sales of common stock under the Equity Distribution Agreement after June 30, 2020.

**VOLITIONRX LIMITED**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
(\$ expressed in United States Dollars)

**Note 7 – Stock-based Compensation**

**a) Warrants**

The following table summarizes the changes in warrants outstanding of the Company during the six-month period ended June 30, 2020:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding at December 31, 2019	190,000	2.90
Granted	50,000	3.45
Exercised	-	-
Expired	-	-
Outstanding at June 30, 2020	<u>240,000</u>	<u>3.02</u>
Exercisable at June 30, 2020	<u>190,000</u>	<u>2.90</u>

Effective February 26, 2020, the vesting criteria of the remaining installment of a warrant originally granted March 20, 2013 to an officer of the Company, and previously amended, was deemed met pursuant to the approval of the Compensation Committee, resulting in the vesting of the Warrant as to 125,000 shares effective February 26, 2020, with an expiration date of February 26, 2023.

Effective March 1, 2020, the Company granted warrants to purchase 50,000 shares of common stock to a Company employee for services to the Company. These warrants vest on September 1, 2021 (subject to continued employment through such date) and expire on March 1, 2026, with an exercise price of \$3.45 per share. The Company has calculated the estimated fair market value of these warrants at \$86,771, using the Black-Scholes model and the following assumptions: term 3.75 years, stock price \$3.44, exercise price \$3.45, 69.03% volatility, 0.95% risk free rate, and no forfeiture rate.

Below is a table summarizing the warrants issued and outstanding as of June 30, 2020, which have an aggregate weighted average remaining contractual life of 2.65 years.

Number Outstanding	Number Exercisable	Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)	Proceeds to Company if Exercised (\$)
150,000	150,000	2.47	1.44	370,500
50,000	-	3.45	5.67	172,500
40,000	40,000	4.53	0.38	181,200
<u>240,000</u>	<u>190,000</u>			<u>724,200</u>

Stock-based compensation expense related to warrants of \$41,587 and \$4,127 was recorded in the six months ended June 30, 2020 and June 30, 2019, respectively. Total remaining unrecognized compensation cost related to non-vested warrants is \$65,519 and is expected to be recognized over a period of 1.17 years. As of June 30, 2020, the total intrinsic value of warrants outstanding was \$235,000.

**VOLITIONRX LIMITED**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
(\$ expressed in United States Dollars)

**Note 7 – Stock-based Compensation (continued)**

**b) Options**

The following table summarizes the changes in options outstanding of the Company during the six-month period ended June 30, 2020:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding at December 31, 2019	4,169,301	3.88
Granted	835,000	3.60
Exercised	(68,882)	3.33
Expired/Cancelled	(19,167)	5.00
Outstanding at June 30, 2020	<u>4,916,252</u>	<u>3.84</u>
Exercisable at June 30, 2020	<u>4,081,252</u>	<u>3.89</u>

Effective April 13, 2020, the Company granted stock options to purchase 835,000 shares of common stock to various Company personnel (including directors, executives, members of management and employees) in exchange for services provided to the Company. These options vest on April 13, 2021 and expire 5 years after the vesting date, with an exercise price of \$3.44 per share. The Company has calculated the estimated fair market value of these options at \$1,481,709, using the Black-Scholes model and the following assumptions: term 3.5 years, stock price \$3.52, exercise price \$3.60, 72.94% volatility, 0.54% risk free rate, and no forfeiture rate.

Below is a table summarizing the options issued and outstanding as of June 30, 2020, all of which were issued pursuant to the 2011 Equity Incentive Plan (for option issuances prior to 2016) or the 2015 Stock Incentive Plan (for option issuances commencing in 2016) and which have an aggregate weighted average remaining contractual life of 3.05 years. As of June 30, 2020, an aggregate of 4,250,000 shares of common stock were authorized for issuance under the 2015 Stock Incentive Plan, of which 261,867 shares of common stock remained available for future issuance thereunder.

Number Outstanding	Number Exercisable	Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)	Proceeds to Company if Exercised (\$)
2,717	2,717	2.35	0.18	6,385
310,000	310,000	2.50	0.13	775,000
310,000	310,000	3.00	0.13	930,000
685,000	685,000	3.25	4.62	2,226,250
17,767	17,767	3.35	0.62	59,519
835,000	-	3.60	5.79	3,006,000
20,000	20,000	3.80	0.88	76,000
1,782,837	1,782,837	4.00	2.31	7,131,348
17,768	17,768	4.35	1.62	77,291
89,163	89,163	4.38	3.57	390,534
50,000	50,000	4.80	2.51	240,000
796,000	796,000	5.00	2.74	3,980,000
<u>4,916,252</u>	<u>4,081,252</u>			<u>18,898,327</u>

**VOLITIONRX LIMITED**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
(\$ expressed in United States Dollars)

**Note 7 – Stock-based Compensation (continued)**

**b) Options (continued)**

Stock-based compensation expense related to stock options of \$482,103 and \$715,838 was recorded in the six months ended June 30, 2020 and June 30, 2019, respectively. Total remaining unrecognized compensation cost related to non-vested stock options is \$1,165,070. As of June 30, 2020, the total intrinsic value of stock options outstanding was \$1,402,929.

**c) Restricted Stock Units (RSUs)**

Below is a table summarizing the RSUs issued and outstanding as of June 30, 2020, all of which were issued pursuant to the 2015 Stock Incentive Plan.

	<u>Number of RSUs</u>	<u>Share Price (\$)</u>
Outstanding at December 31, 2019	-	-
Granted	52,500	3.52
Vested	-	-
Cancelled	-	-
Outstanding at June 30, 2020	<u>52,500</u>	<u>3.52</u>

Effective April 13, 2020, the Company granted RSUs of 52,500 shares of common stock to various Company personnel (including a director and employee) in exchange for services provided to the Company. These RSUs vest over 2 years, with 50% vesting on each of April 13, 2021 and April 13, 2022 and will result in total compensation expense of \$184,800.

Below is a table summarizing the RSUs issued and outstanding as of June 30, 2020 and which have an aggregate weighted average remaining contractual life of 1.29 years.

<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Share Price (\$)</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>
52,500	-	3.52	1.29

Stock-based compensation expense related to RSUs of \$29,619 and \$nil was recorded in the six months ended June 30, 2020 and June 30, 2019, respectively. Total remaining unrecognized compensation cost related to non-vested RSUs is \$155,181. As of June 30, 2020, the total intrinsic value of the RSUs outstanding was \$19,425.



**VOLITIONRX LIMITED**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
(\$ expressed in United States Dollars)

**Note 8 – Commitments and Contingencies**

**a) Finance Lease Obligations**

In 2015, the Company entered into an equipment finance lease to purchase three Tecan machines (automated liquid handling robots) for €550,454 Euros that matured in May 2020. As of June 30, 2020, the balance payable was \$nil.

In 2016, the Company entered into a real estate finance lease with ING Asset Finance Belgium S.A. (“ING”) to purchase a property located in Belgium for €1.12 million Euros, maturing in May 2031. As of June 30, 2020, the balance payable was \$619,808.

In 2018, the Company entered into a finance lease with BNP Paribas leasing solutions to purchase a freezer for the Belgium facility for €25,000 Euros, maturing in January 2022. The leased equipment is amortized on a straight-line basis over 5 years. As of June 30, 2020, the balance payable was \$15,255.

The following is a schedule showing the future minimum lease payments under finance leases by years and the present value of the minimum payments as of June 30, 2020.

2020 - remaining	\$ 34,997
2021	\$ 69,993
2022	\$ 61,839
2023	\$ 60,427
2024	\$ 60,426
Greater than 5 years	\$ 445,634
Total	\$ 733,316
Less: Amount representing interest	\$ (98,253)
<b>Present value of minimum lease payments</b>	<b>\$ 635,063</b>

**b) Operating Lease Right-of-Use Obligations**

As all the existing leases subject to the new lease standard ASC 842 (“Leases”) were previously classified as operating leases by the Company, they were similarly classified as operating leases under the new standard. The Company has determined that the identified operating leases did not contain non-lease components and require no further allocation of the total lease cost. Additionally, the agreements in place did not contain information to determine the rate implicit in the leases, so we used our incremental borrowing rate as the discount rate. Our weighted average discount rate is 4.47% and the weighted average remaining lease term is 19 months.

As of June 30, 2020, operating lease right-of-use assets and liabilities arising from operating leases were \$234,095 and \$242,011, respectively. During the six months ended June 30, 2020, cash paid for amounts included for the measurement of lease liabilities was \$116,541 and the Company recorded operating lease expense of \$117,357.

The following is a schedule showing the future minimum lease payments under operating leases by years and the present value of the minimum payments as of June 30, 2020.

2020 - remaining	\$ 121,708
2021	\$ 77,664
2022	\$ 34,500
2023	\$ 16,886
2024	\$ 1,056
Total Operating Lease Obligations	\$ 251,814
Less: Amount representing interest	\$ (9,803)
<b>Present Value of minimum lease payments</b>	<b>\$ 242,011</b>

**Note 8 – Commitments and Contingencies (continued)**

**b) Operating Lease Right-of-Use Obligations (continued)**

The Company's office space leases are short term and the Company has elected under the short-term recognition exemption not to recognize them on the balance sheet. During the six months ended June 30, 2020, \$10,737 was recognized in short-term lease costs associated with office space leases. The annual payments remaining for short-term office leases were as follows:

2020 - remaining		\$	1,740
<b>Total Operating Lease Obligations</b>		<b>\$</b>	<b><u>1,740</u></b>

**c) Grants Repayable**

In 2010, the Company entered into an agreement with the Walloon Region government in Belgium for a colorectal cancer research grant for €1.05 million Euros. Per the terms of the agreement, €314,406 Euros of the grant is to be repaid, by instalments over the period from June 30, 2014 to June 30, 2023. In the event that the Company receives revenue from products or services as defined in the agreement, it is due to pay a 6% royalty on such revenue to the Walloon Region. The maximum amount payable to the Walloon Region, in respect of the aggregate of the amount repayable of €314,406 Euros and the 6% royalty on revenue, is equal to twice the amount of funding received. As of June 30, 2020, the grant balance repayable was \$137,519.

In 2018, the Company entered into an agreement with the Walloon Region government in Belgium for a colorectal cancer research grant for €605,000 Euros. Per the terms of the agreement, €181,500 Euros of the grant is to be repaid by instalments over 12 years commencing in 2020. In the event that the Company receives revenue from products or services as defined in the agreement, it is due to pay a 3.53% royalty on such revenue to the Walloon Region. The maximum amount payable to the Walloon Region, in respect of the aggregate of the amount repayable of €181,500 Euros and the 3.53% royalty on revenue, is equal to the amount of funding received. As of June 30, 2020, the grant balance repayable was \$203,908.

As of June 30, 2020, the total grant balance repayable was \$341,427 and the payments remaining were as follows:

2020 - remaining		\$	52,915
2021		\$	50,001
2022		\$	47,298
2023		\$	48,468
2024		\$	20,391
Greater than 5 years		\$	<u>122,354</u>
<b>Total Grants Repayable</b>		<b>\$</b>	<b><u>341,427</u></b>

**d) Long-Term Debt**

In 2016, the Company entered into a 7-year loan agreement with Namur Invest for €440,000 Euros with a fixed interest rate of 4.85%, maturing in December 2023. As of June 30, 2020, the principal balance payable was \$285,383.

In 2016, the Company entered into a 15-year loan agreement with ING for €270,000 Euros with a fixed interest rate of 2.62%, maturing in December 2031. As of June 30, 2020, the principal balance payable was \$243,940.

In 2017, the Company entered into a 4-year loan agreement with Namur Invest for €350,000 Euros with a fixed interest rate of 4.00%, maturing in June 2021. As of June 30, 2020, the principal balance payable was \$118,008.

In 2017, the Company entered into a 7-year loan agreement with SOFINEX for up to €1 million Euros with a fixed interest rate of 4.50%, maturing in September 2024. As of June 30, 2020, €1 million Euros has been drawn down under this agreement and the principal balance payable was \$1,067,291.

**VOLITIONRX LIMITED**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
(\$ expressed in United States Dollars)

**Note 8 – Commitments and Contingencies (continued)**

**d) Long-Term Debt (continued)**

In 2018, the Company entered into a 4-year loan agreement with Namur Innovation and Growth for €500,000 Euros with a fixed interest rate of 4.00%, maturing in June 2022. As of June 30, 2020, the principal balance payable was \$330,568.

In 2019, the Company entered into a 4-year loan agreement with Namur Innovation and Growth for €500,000 Euros with a fixed interest rate of 4.80%, maturing in September 2023. As of June 30, 2020, the principal balance payable was \$561,732.

As of June 30, 2020, the total balance for long-term debt payable was \$2,606,922 and the payments remaining were as follows:

2020 - remaining	\$	479,678
2021	\$	742,694
2022	\$	623,184
2023	\$	526,943
2024	\$	328,193
Greater than 5 years	\$	<u>180,377</u>
Total	\$	2,881,069
Less: Amount representing interest	\$	<u>(274,147)</u>
<b>Total Long-Term Debt</b>	<b>\$</b>	<b><u>2,606,922</u></b>

**e) Collaborative Agreement Obligations**

In 2015, the Company entered into a research sponsorship agreement with DKFZ in Germany for a 3-year period for €338,984 Euros. As of June 30, 2020, \$84,260 is still to be paid by the Company under this agreement.

In 2016, the Company entered into a research co-operation agreement with DKFZ in Germany for a 5-year period for €400,000 Euros. As of June 30, 2020, \$224,693 is still to be paid by the Company under this agreement.

In 2017, the Company entered into a collaborative research agreement with Munich University in Germany for a 3-year period for €360,000 Euros. As of June 30, 2020, \$110,099 is still to be paid by the Company under this agreement.

In 2017, the Company entered into a clinical study research agreement with the University of Michigan for a 3-year period for up to \$3 million. This agreement was amended in February 2020 to redefine a new clinical study. Pursuant to the terms of the amendment, the parties acknowledged that, although not fully-completed, the requirements of the original clinical study had been satisfied, including any and all payment obligations by the Company. Further, the Amendment provided that a new clinical study would be undertaken at no additional cost to the Company. As of June 30, 2020, up to \$138,000 is still accrued by the Company for any additional expenses for the new clinical study.

In 2018, the Company entered into a research collaboration agreement with the University of Taiwan for a 3-year period for a cost to the Company of up to \$2.55 million payable over such period. As of June 30, 2020, \$1.28 million is still to be paid by the Company under this agreement.

In 2019, the Company entered into a research collaboration agreement with the University of Taiwan for a 2-year period to collect a total of 1,200 samples for a cost to the Company of up to \$320,000 payable over such period. As of June 30, 2020, \$160,000 is still to be paid by the Company under this agreement.

In 2019, the Company entered into a funded sponsored research agreement with the Texas A&M University System (“TAMU”) in consideration for the license granted to the Company for a 5-year period for a cost to the Company of up to \$400,000 payable over such period. As of June 30, 2020, \$345,443 is still to be paid by the Company under this agreement.

**Note 8 – Commitments and Contingencies (continued)**

**e) Collaborative Agreement Obligations (continued)**

In 2019, the Company entered into a lyophilization study and a CE marking project including GMP validation and documentation with Biomerica Inc. for \$160,000. As of June 30, 2020, \$54,663 is still to be paid by the Company under this agreement.

As of June 30, 2020, the total amount to be paid for future research and collaboration commitments was approximately \$2.39 million and the annual payments remaining were as follows:

2020 - remaining	\$	1,098,624
2021 - 2024	\$	<u>1,293,534</u>
<b>Total Collaborative Agreement Obligations</b>	<b>\$</b>	<b><u><u>2,392,158</u></u></b>

**Other Commitments**

**f)**

Volition Vet

On August 7, 2019, the Company entered into a consulting services agreement with Novis Animal Solutions LLC, to provide chief executive officer services for Volition Vet in exchange for payment of consultancy fees and a potential equity interest of up to 5% in Volition Vet upon achievement of revenue milestones. The term of the contract is perpetual and terminable on 2 months' written notice from either party. As of June 30, 2020, Novis Animal Solutions LLC has no equity interest in Volition Vet.

On October 25, 2019, the Company entered into an agreement with TAMU for provision of in kind services of personnel, animal samples and laboratories equipment in exchange for a non-controlling interest of 7.5% in Volition Vet and for a further 5%, effective October 25, 2020, giving them in total a 12.5% equity interest as of such date. As of June 30, 2020, TAMU has a 7.5 % equity interest in Volition Vet.

Volition Germany

On January 10, 2020, the Company, through its wholly-owned subsidiary Belgian Volition, acquired an epigenetic reagent company, Octamer GmbH ("Octamer"), based in Munich, Germany, and hired its founder for his expertise and knowledge to be passed to Company personnel. On March 9, 2020, Octamer was renamed to Volition Germany GmbH (or "Volition Germany").

Upon considering the definition of a business, as defined in ASC 805 "*Business Combinations*," paragraph 805-10-20, which is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return, the Company has determined that this did not constitute a business. This is primarily due to the fact that additional inputs are needed in the form of training personnel further to produce outputs. Accordingly, the Company has treated this transaction as the hiring of a member of management and acquisition of assets.

The Company agreed to terms of the transaction on December 13, 2019 and closed on January 10, 2020. Pursuant to the transaction agreement, the Company purchased all outstanding shares of Octamer. In exchange, the Company agreed to issue 73,263 newly-issued restricted shares of Company common stock valued at \$333,969 (based on the \$4.56 per share volume weighted trading price for the five days prior to December 13, 2019), committed to pay approximately €350,000 Euros subject to adjustments, and agreed to pay off certain Octamer expenses leading up to the agreement (representing net liabilities of \$6,535). At closing, the Company issued 73,263 restricted shares of Company common stock, paid an adjusted amount of approximately \$357,000 (€321,736 Euros) and recorded a holdback liability of \$55,404 (€50,000 Euros) to be paid after the holdback period of 9 months following the closing (subject to offset for breaches of representations and warranties).

In connection with the transaction agreement, the Company also entered into a 2-year Managing Director's agreement with the founder of Octamer for a payment of €288,000 Euros payable in equal monthly installments over such 2-year period and a royalty agreement with the founder providing for the payment of royalties in the amount of 6% of net sales of Octamer's nucleosomes as reagents to pharmaceutical companies for use in the development, manufacture and screening of molecules for use as therapeutic drugs for a period of 5 years post-closing.

**Note 8 – Commitments and Contingencies (continued)**

**f) Other Commitments (continued)**

Volition Germany (continued)

The Company recorded approximately \$753,000 in compensation expense as a result of cash paid, holdback liability, stock issued and assumption of expenses. As of June 30, 2020, \$242,667 is still to be paid by the Company under the Managing Director's agreement, and \$88 is payable under the 6% royalty agreement.

**g) Legal Proceedings**

There are no legal proceedings which the Company believes will have a material adverse effect on its financial position.

**Note 9 – Subsequent Events**

On July 16, 2020, 22,500 stock options were exercised to purchase shares of common stock at \$2.50 per share in a cashless exercise and withholding of shares for taxes that resulted in the issuance of 4,486 shares of common stock.

On July 21, 2020, 110,000 stock options were exercised to purchase shares of common stock at \$2.50 per share in cashless exercises and withholding of shares for taxes that resulted in the issuance of 21,949 shares of common stock.

On July 21, 2020, 110,000 stock options were exercised to purchase shares of common stock at \$3.00 per share in cashless exercises and withholding of shares for taxes that resulted in the issuance of 14,380 shares of common stock.

On August 4, 2020, 25,000 stock options were exercised to purchase shares of common stock at \$2.50 per share in a cashless exercise and withholding of shares for taxes that resulted in the issuance of 2,920 shares of common stock.

On August 4, 2020, 25,000 stock options were exercised to purchase shares of common stock at \$3.00 per share in a cashless exercise and withholding of shares for taxes that resulted in the issuance of 1,529 shares of common stock.

From July 1 to August 6, 2020, the Company raised aggregate net proceeds of approximately \$4.7 million under the Equity Distribution Agreement through the sale of approximately 1.2 million shares of its common stock in accordance with a Rule 10b5-1 plan.

END NOTES TO FINANCIALS

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

***Cautionary Note Regarding Forward-Looking Statements***

*This Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, or this Report, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Report or incorporated by reference into this Report are forward-looking statements. These statements include, among other things, any predictions of earnings, revenues, expenses or other financial items; plans or expectations with respect to our development activities or business strategy; statements concerning clinical studies and results; statements concerning industry trends; statements regarding anticipated demand for our products, or the products of our competitors; statements relating to manufacturing forecasts, and the potential impact of our relationship with contract manufacturers and original equipment manufacturers on our business; statements relating to the commercialization of our products, assumptions regarding the future cost and potential benefits of our research and development efforts; forecasts of our liquidity position or available cash resources; statements relating to the impact of pending litigation; statements regarding the anticipated impact of the COVID-19 pandemic; and statements relating to the assumptions underlying any of the foregoing. Throughout this Report, we have attempted to identify forward-looking statements by using words such as "may," "believe," "will," "could," "project," "anticipate," "expect," "estimate," "should," "continue," "potential," "plan," "forecasts," "goal," "seek," "intend," other forms of these words or similar words or expressions or the negative thereof (although not all forward-looking statements contain these words).*

*We have based our forward-looking statements on our current expectations and projections about trends affecting our business and industry and other future events. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations or performance, to differ materially from our historical results or those expressed or implied in any forward-looking statement contained in this Report. For instance, if we fail to develop and commercialize diagnostic products, we may be unable to execute our plan of operations. Other risks and uncertainties include those associated with the COVID-19 pandemic; our failure to obtain necessary regulatory clearances or approvals to distribute and market future products in the veterinary or clinical in-vitro diagnostics, or IVD, market; a failure by the marketplace to accept the products in our development pipeline or any other diagnostic products we might develop; our failure to secure adequate intellectual property protection; we will face fierce competition and our intended products may become obsolete due to the highly competitive nature of the diagnostics market and its rapid technological change; and other risks identified elsewhere in this Report, as well as in our other filings with the Securities and Exchange Commission, or the SEC. In addition, actual results may differ as a result of additional risks and uncertainties of which we are currently unaware or which we do not currently view as material to our business. For these reasons, readers are cautioned not to place undue reliance on any forward-looking statements.*

*You should read this Report in its entirety, together with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed with the SEC on February 20, 2020, or our Annual Report, the documents that we file as exhibits to this Report and the documents that we incorporate by reference into this Report, with the understanding that our future results may be materially different from what we currently expect. The forward-looking statements we make speak only as of the date on which they are made. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations. If we do update or correct any forward-looking statements, readers should not conclude that we will make additional updates or corrections.*

## ***Company Overview***

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the interim consolidated financial statements and related condensed notes thereto, which are included in Part I of this Report.

VolitionRx is a multi-national epigenetics company that applies its Nucleosomics™ platform through its subsidiaries to develop simple, easy to use, cost-effective blood tests to help diagnose a range of cancers and other diseases. Our tests are based on the science of Nucleosomics™, which is the practice of identifying and measuring nucleosomes in the bloodstream or other bodily fluid - since changes in these parameters are an indication that disease is present.

Our approach is to investigate the epigenetic structure of chromatin and nucleosomes rather than investigating only the DNA sequence. We are continuously developing new technologies including:

- A suite of low cost Nu.Q™ immunoassays that can accurately measure nucleosomes containing numerous epigenetic signals or structure.
- Nu.Q™ Capture technology to isolate or enrich nucleosomes containing particular epigenetic signals or structures for a wide range of potential scientific and medical applications, such as the enrichment of nucleosomes of tumor origin in blood samples taken from cancer patients.
- We plan to develop an ability to produce synthetic (recombinant) nucleosomes containing exact defined epigenetic signals and structures. These are used to ensure exquisite accuracy of Nu.Q™ immunoassay tests but also have many other applications including as tools in epigenetic drug development.

In addition to human diagnostics we are also developing the use of the Nu.Q™ technology in veterinary applications. An initial proof of concept study demonstrated that nucleosomes can be detected in dogs and, therefore, have the potential to differentiate cancer from other diseases. We will now test Nu.Q™ platform in larger trials in veterinary medicine. Our extensive intellectual property portfolio includes coverage of veterinary applications.

### ***Developments - COVID-19 Pandemic***

On March 11, 2020, the World Health Organization designated the outbreak of the novel strain of coronavirus known as COVID-19 as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including, but not limited to, shelter-in-place orders, quarantines, significant restrictions on travel, as well as restrictions that prohibit many employees from going to work. Uncertainty with respect to the economic effects of the pandemic has introduced significant volatility in the financial markets.

During the first six months of 2020, we implemented contingency planning to protect the health and well-being of our employees, with most employees working remotely where possible. We have implemented travel restrictions as well as visitor protocols and we are following social distancing practices. We did not observe significant impacts on our business or results of operations for the quarter ended June 30, 2020 due to the global emergence of COVID-19 or the mitigation actions taken to slow its spread. To the extent the pandemic worsens, we cannot predict the effects it may have on our business, in particular with respect to demand for our services, our strategy, and our prospects, or the impact on our financial results.

### ***Plan of Operations***

We have identified the specific processes and resources required to achieve the near and medium-term objectives of our business plan, including personnel, facilities, equipment, research and testing materials including antibodies and clinical samples, and the protection of intellectual property. To date, operations have proceeded satisfactorily in relation to our business plan. However, it is possible that some resources will not readily become available in a suitable form or on a timely basis or at an acceptable cost. It is also possible that the results of some processes may not be as expected, and that modifications of procedures and materials may be required. Such events could result in delays to the achievement of the near and medium-term objectives of our business plan, in particular the progression of clinical validation studies and regulatory approval processes for the purpose of bringing products to the IVD and veterinary markets.

Our future as an operating business will depend on our ability to obtain sufficient capital contributions, financing and/or generate revenues as may be required to sustain our operations. Management plans to address the above as needed by: (a) securing additional grant funds; (b) obtaining additional equity or debt financing; (c) granting licenses to third parties in exchange for specified up-front and/or back-end payments; and (d) developing and commercializing our products on an accelerated timeline. Management continues to exercise tight cost controls to conserve cash.

Our ability to continue as a going concern is dependent upon our accomplishment of the plans described in the preceding paragraph and eventually to attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. If we are unable to obtain adequate capital, we could be forced to cease operations.

**Liquidity and Capital Resources**

We have financed our operations since inception primarily through private placements and public offerings of our common stock. As of June 30, 2020, we had cash and cash equivalents of approximately \$21.3 million.

Net cash used in operating activities was \$9.2 million and \$6.4 million for the six months ended June 30, 2020 and June 30, 2019, respectively. The increase in cash used in operating activities for the period ended June 30, 2020 when compared to same period in 2019 was primarily due to increased expenditures on antibodies, sample purchases, stage payment to a collaborator partner and common stock issued for services.

Net cash used in investing activities was \$0.6 million and \$0.2 million for the six months ended June 30, 2020 and June 30, 2019, respectively. The increase was primarily due to purchases of laboratory equipment.

Net cash provided by financing activities was \$13.9 million and \$11.8 million for the six months ended June 30, 2020 and June 30, 2019, respectively. The increase in cash provided by financing activities for the period ended June 30, 2020 when compared to same period in 2019 was primarily due to \$12.7 million in net cash received from the issuance of shares of common stock in a registered public offering in May 2020 and \$1.7 million in cash received from the issuance of shares of common stock pursuant to the Equity Distribution Agreement.

The following table summarizes our approximate contractual payments due by year as of June 30, 2020.

**Approximate Payments (Including Interest) Due by Year**

Description	Total \$	2020	2021 - 2024 \$	2025 + \$
		(Remaining) \$		
Finance Lease Obligations	733,316	34,997	252,685	445,634
Operating Lease Obligations	251,814	121,708	130,106	-
Grants Repayable	341,427	52,915	166,158	122,354
Long-Term Debt	2,881,069	479,678	2,221,014	180,377
Collaborative Agreements Obligations	2,392,158	1,098,624	1,293,534	-
Total	<u>6,599,784</u>	<u>1,787,922</u>	<u>4,063,497</u>	<u>748,365</u>

We intend to use our cash reserves to predominantly fund further research and development activities. We do not currently have any substantial source of revenues and expect to rely on additional future financing, through the sale of equity or debt securities, or the sale of licensing rights, to provide sufficient funding to execute our strategic plan. There is no assurance that we will be successful in raising further funds.

In the event that additional financing is delayed, we will prioritize the maintenance of our research and development personnel and facilities, primarily in Belgium, and the maintenance of our patent rights. In such instance, the completion of clinical validation studies and regulatory approval processes for the purpose of bringing products to the IVD and veterinary market would be delayed. In the event of an ongoing lack of financing, it may be necessary to discontinue operations, which will adversely affect the value of our common stock.

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive activities. For these reasons, our auditors stated in their report on our audited financial statements for the fiscal year ended December 31, 2019 an explanatory paragraph regarding factors that raise substantial doubt that we will be able to continue as a going concern.



## Results of Operations

### Comparison of the Three Months Ended June 30, 2020 and June 30, 2019

The following table sets forth our results of operations for the three months ended on June 30, 2020 and June 30, 2019, respectively:

	Three Months ended June 30,		Increase (Decrease) \$	Percentage Increase (Decrease) %
	2020 \$	2019 \$		
Royalty	1,872	-	1,872	100%
Product	3,322	-	3,322	100%
Total Revenues	<u>5,194</u>	<u>-</u>	<u>5,194</u>	<u>100%</u>
Research and development	3,492,845	2,478,930	1,013,915	41%
General and administrative	1,508,836	1,436,461	72,375	5%
Sales and marketing	<u>215,891</u>	<u>238,124</u>	<u>(22,233)</u>	<u>(9%)</u>
Total Operating Expenses	<u>5,217,572</u>	<u>4,153,515</u>	<u>1,064,057</u>	<u>26%</u>
Grant income	90,946	-	90,946	100%
Gain on disposal of fixed assets	93,202	-	93,202	100%
Interest income	7,741	29,459	(21,718)	(74%)
Interest expense	<u>(22,604)</u>	<u>(33,115)</u>	<u>(10,511)</u>	<u>(32%)</u>
Total Other Income (Expenses)	<u>169,285</u>	<u>(3,656)</u>	<u>(172,941)</u>	<u>(&gt;100%)</u>
Net Loss	<u>(5,043,093)</u>	<u>(4,157,171)</u>	<u>885,922</u>	<u>21%</u>

#### Revenues

Our operations are still predominantly in the research and development stage and we had limited revenues of \$5,194 and \$nil during the three months ended June 30, 2020 and June 30, 2019, respectively.

#### Operating Expenses

Total operating expenses increased to \$5.2 million from \$4.2 million for the three months ended June 30, 2020 and June 30, 2019, respectively, as a result of the factors described below.

### Research and Development Expenses

Research and development expenses increased to \$3.5 million from \$2.5 million for the three months ended June 30, 2020 and June 30, 2019, respectively. This increase in overall research and development expenditures was primarily related to higher antibody costs, sample costs, laboratory expenses and personnel expenses during the period.

	Three Months ended June 30,		
	2020	2019	Change
	\$	\$	\$
Personnel expenses	1,212,777	932,333	280,444
Stock-based compensation	114,872	104,055	10,817
Direct research and development expenses	1,936,125	1,208,742	727,383
Other research and development	(50,770)	59,480	(110,250)
Depreciation and amortization	279,841	174,320	105,521
Total research and development expenses	<u>3,492,845</u>	<u>2,478,930</u>	<u>1,013,915</u>

### General and Administrative Expenses

General and administrative expenses increased to \$1.5 million from \$1.4 million for the three months ended June 30, 2020 and June 30, 2019, respectively. This was primarily due to higher legal and professional fees offset by lower travel costs during the period.

	Three Months ended June 30,		
	2020	2019	Change
	\$	\$	\$
Personnel expenses	511,652	565,657	(54,005)
Stock-based compensation	204,055	235,701	(31,646)
Legal and professional fees	507,732	321,859	185,873
Other general and administrative	230,146	301,500	(71,354)
Depreciation and amortization	55,251	11,744	43,507
Total general and administrative expenses	<u>1,508,836</u>	<u>1,436,461</u>	<u>72,375</u>

### Sales and Marketing Expenses

Sales and marketing expenses were at the same level of \$0.2 million for the three months ended June 30, 2020 and June 30, 2019, respectively. There was an increase in direct marketing professional fees offset by lower travel and personnel costs during the period.

	Three Months ended June 30,		
	2020	2019	Change
	\$	\$	\$
Personnel expenses	110,753	169,945	(59,192)
Stock-based compensation	41,713	39,877	1,836
Direct marketing and professional fees	63,425	28,302	35,123
Total sales and marketing expenses	<u>215,891</u>	<u>238,124</u>	<u>(22,233)</u>

### Other Income (Expenses)

For the three months ended June 30, 2020, the Company's other income was \$169,285 compared to other expenses of \$3,656, for the three months ended June 30, 2019. The increase in other income was due to grant income received and a gain on disposal of a fixed asset, offset by less interest received from cash deposited in an overnight money market deposit account.

### Net Loss

For the three months ended June 30, 2020, the Company's net loss was \$5.0 million compared a net loss of \$4.2 million for the three months ended June 30, 2019. The change was a result of the factors described above.

**Comparison of the Six Months Ended June 30, 2020 and June 30, 2019**

The following table sets forth our results of operations for the six months ended on June 30, 2020 and June 30, 2019, respectively:

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Increase (Decrease)	Percentage Increase (Decrease)
	\$	\$	\$	%
Royalty	2,112	-	2,112	100%
Product	3,626	-	3,626	100%
Total Revenues	<u>5,738</u>	<u>-</u>	<u>5,738</u>	<u>100%</u>
Research and development	7,387,811	4,953,489	2,434,322	49%
General and administrative	3,212,358	2,665,901	546,457	20%
Sales and marketing	489,845	522,404	(32,559)	(6%)
Total Operating Expenses	<u>11,090,014</u>	<u>8,141,794</u>	<u>2,948,220</u>	<u>36%</u>
Grant income	98,870	-	98,870	100%
Gain on disposal of fixed assets	93,202	-	93,202	100%
Interest income	46,155	41,023	5,132	13%
Interest expense	(56,383)	(63,216)	6,833	(11%)
Other expenses	-	(196,957)	196,957	(100%)
Total Other Income (Expenses)	<u>181,844</u>	<u>(219,150)</u>	<u>400,994</u>	<u>(183%)</u>
Net Loss	<u>(10,902,432)</u>	<u>(8,360,944)</u>	<u>2,541,488</u>	<u>30%</u>

**Revenues**

Our operations are still predominantly in the research and development stage and we had limited revenues of \$5,738 and \$nil during the six months ended June 30, 2020 and June 30, 2019, respectively.

**Operating Expenses**

Total operating expenses increased to \$11.1 million from \$8.1 million for the six months ended June 30, 2020 and June 30, 2019, respectively as a result of the factors described below.

### Research and Development Expenses

Research and development expenses increased to \$7.4 million for the six months ended June 30, 2020, from \$5.0 million for the six months ended June 30, 2019. This increase in overall research and development expenditures was primarily related to higher antibody costs, higher sample costs, laboratory expenses, personnel expenses and management compensation connected to Volition Germany during the period.

	Six Months Ended June 30,		Change
	2020	2019	
	\$	\$	\$
Personnel expenses	2,506,925	1,864,322	642,603
Stock-based compensation	177,291	199,046	(21,755)
Direct research and development expenses	3,364,563	2,222,030	1,142,533
Other research and development	966,105	323,153	642,952
Depreciation and amortization	372,927	344,938	27,989
Total research and development expenses	<u>7,387,811</u>	<u>4,953,489</u>	<u>2,434,322</u>

### General and Administrative Expenses

General and administrative expenses increased to \$3.2 million from \$2.7 million for the six months ended June 30, 2020 and June 30, 2019, respectively. This increase was primarily due to higher legal fees and foreign exchange costs, offset by lower stock-based compensation charges during the period.

	Six Months Ended June 30,		Change
	2020	2019	
	\$	\$	\$
Personnel expenses	1,040,831	1,181,261	(140,430)
Stock-based compensation	311,320	430,765	(119,445)
Legal and professional fees	927,589	631,317	296,272
Other general and administrative	820,441	401,587	418,854
Depreciation and amortization	112,177	20,971	91,206
Total general and administrative expenses	<u>3,212,358</u>	<u>2,665,901</u>	<u>546,457</u>

### Sales and Marketing Expenses

Sales and marketing expenses were at the same level of \$0.5 million for the six months ended June 30, 2020 and June 30, 2019, respectively. There was an increase in marketing professional fees offset by lower stock-based compensation costs and travel costs during the period.

	Six Months Ended June 30,		Change
	2020	2019	
	\$	\$	\$
Personnel expenses	261,698	327,784	(66,086)
Stock-based compensation	64,698	90,280	(25,582)
Direct marketing and professional fees	163,449	104,340	59,109
Total sales and marketing expenses	<u>489,845</u>	<u>522,404</u>	<u>(32,559)</u>

### Other Income (Expenses)

For the six months ended June 30, 2020, the Company's other income was \$181,844 compared to other expenses of \$219,150 for the six months ended June 30, 2019. This increase in other income was primarily due to grant income received, interest received from cash deposited in an overnight money market deposit account, and a gain on disposal of a fixed asset, offset by other expenses related to the amendment to outstanding warrants which resulted in a \$196,957 expense in the same period in 2019.

### ***Net Loss***

For the six months ended June 30, 2020, the Company's net loss was \$10.9 million, an increase of approximately \$2.5 million, or 30%, in comparison to a net loss of \$8.4 million for the six months ended June 30, 2019. The change was a result of the factors described above.

### ***Going Concern***

We have not attained profitable operations and are dependent upon obtaining external financing to continue to pursue our operational and strategic plans. For these reasons, management has determined that there is substantial doubt that the business will be able to continue as a going concern without further financing.

### ***Off-Balance Sheet Arrangements***

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### ***Future Financings***

We may seek to obtain additional capital through the sale of debt or equity securities, if we deem it desirable or necessary. However, we may be unable to obtain such additional capital when needed, or on terms favorable to us or our stockholders, if at all. If we raise additional funds by issuing equity securities, the percentage ownership of our stockholders will be reduced, stockholders may experience additional dilution, or such equity securities may provide for rights, preferences or privileges senior to those of the holders of our common stock. If additional funds are raised through the issuance of debt securities, the terms of such securities may place restrictions on our ability to operate our business.

### ***Critical Accounting Policies***

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP, applied on a consistent basis. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

### ***Recently Issued Accounting Pronouncements***

The Company has implemented all applicable new accounting pronouncements that are in effect. The Company does not believe that there are any other applicable new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

### ITEM 4. CONTROLS AND PROCEDURES

#### *Disclosure Controls and Procedures*

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our Principal Executive and Principal Financial Officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management carried out an evaluation under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded, as they previously concluded as of December 31, 2019, that our disclosure controls and procedures continue to not be effective as of June 30, 2020, because of material weaknesses in our internal control over financial reporting, as described below and in detail in our Annual Report.

#### *Changes in Internal Control over Financial Reporting*

The Audit Committee of the Board of Directors meets regularly with our financial management, and with the independent registered public accounting firm engaged by us. Internal accounting controls and the quality of financial reporting are discussed during these meetings. The Audit Committee has discussed with the independent registered public accounting firm matters required to be discussed by the auditing standards adopted or established by the Public Company Accounting Oversight Board ("PCAOB"). In addition, the Audit Committee and the independent registered public accounting firm have discussed the independent registered public accounting firm's independence from the Company and its management, including the matters in the written disclosures required by PCAOB Rule 3526 "Communicating with Audit Committees Concerning Independence"

As of June 30, 2020, we did not maintain sufficient internal controls over financial reporting due to insufficient:

- segregation of duties in some areas of Finance;
- oversight in the area of Information Technology, where certain processes may affect the internal controls over financial reporting; and
- monitoring of review controls with respect to accounting for complex transactions.

We have developed, and are currently implementing, a remediation plan for these material weaknesses. Specifically, we have implemented a financial reporting system that has allowed further automation of the reporting process, thereby strengthening the control environment over financial reporting. As we continue to evaluate and work to enhance our internal controls over financial reporting, we may determine that additional measures should be taken to address these or other control deficiencies, and/or that we should modify our remediation plan considering the Company's size and growth.

There have been no changes in our internal controls over financial reporting that occurred during the fiscal quarter ended June 30, 2020, other than those described above, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Once the Company is engaged in stable business operations and has sufficient personnel and resources available, then our Board of Directors, in particular and in connection with the aforementioned deficiencies, will establish the following remediation measures:

- Additional Finance resources will be recruited to resolve the segregation of duties control weaknesses noted above;
- Internal audit resources will be contracted to review and advise on control weaknesses across the organization; and
- Specialist resources in IT and Human Resources will be recruited to recommend and implement relevant policy and processes to strengthen IT and Human Resources internal controls associated with financial reporting.

***Limitations of the Effectiveness of Disclosure Controls and Internal Controls***

Our management, including our Principal Executive Officer and Principal Financial Officer, does not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

**PART II OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

In the ordinary course of business, we may be subject to claims, counter claims, lawsuits and other litigation of the type that generally arise from the conduct of our business. We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our directors, officers or any affiliates, or any registered or beneficial stockholders, is an adverse party or has a material interest adverse to our interest.

**ITEM 1A. RISK FACTORS**

There have been no material changes in our assessment of risk factors affecting our business since those presented in Part I, Item 1A of our Annual Report, as supplemented in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.



**ITEM 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>				<b>Filed Herewith</b>
		<b>Form</b>	<b>File No.</b>	<b>Exhibit</b>	<b>Filing Date</b>	
<a href="#">10.1</a>	Underwriting Agreement, dated May 20, 2020, between the Company and National Securities Corporation, as representative of the several Underwriters named therein.	8-K	001-36833	1.1	5/22/20	
<a href="#">31.1</a>	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.					X
<a href="#">31.2</a>	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.					X
<a href="#">32.1*</a>	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X

\* The certifications attached as Exhibit 32.1 accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the registrant for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any of the registrant’s filings under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in any such filing

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VOLITIONRX LIMITED

Dated: August 13, 2020

By: /s/ Cameron Reynolds  
Cameron Reynolds  
President and Chief Executive Officer  
(Authorized Signatory and Principal Executive Officer)

Dated: August 13, 2020

By: /s/ David Vanston  
David Vanston  
Chief Financial Officer and Treasurer  
(Authorized Signatory and Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Cameron Reynolds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of VolitionRx Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2020

*/s/ Cameron Reynolds*

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Cameron Reynolds

President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Vanston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of VolitionRx Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2020

/s/ David Vanston

David Vanston  
Chief Financial Officer and Treasurer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The following certifications are hereby made in connection with the Quarterly Report on Form 10-Q of VolitionRx Limited (the "Company") for the quarterly period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

I, Cameron Reynolds, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented.

Date: August 13, 2020

/s/ Cameron Reynolds

Cameron Reynolds  
President and Chief Executive Officer

I, David Vanston, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented.

Date: August 13, 2020

/s/ David Vanston

David Vanston  
Chief Financial Officer and Treasurer