BIOMMUNE TECHNOLOGIES INC. (formerly MC PARTNERS INC.)

Consolidated Financial Statements
For the Year Ended November 30, 2013
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of bioMmune Technologies Inc. (the "Company") are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are protected from loss or improper use, transactions are authorized and properly recorded, and financial records are reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board of Directors reviews the results of the audit and the consolidated financial statements prior to approving them.

The consolidated financial statements have been audited by Smythe Ratcliffe LLP, Chartered Accountants and their report outlines the scope of their examination and gives their opinion on the consolidated audited financial statements.

"*Judi Dalling*" (signed)
……………………………………
Judi Dalling
Chief Financial Officer
March 28, 2014

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BIOMMUNE TECHNOLOGIES INC.
(Formerly MC Partners Inc.)

We have audited the accompanying consolidated financial statements of bioMmune Technologies Inc., which comprise the consolidated statements of financial position as at November 30, 2013 and 2012, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of bioMmune Technologies Inc. as at November 30, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
March 28, 2014

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

bioMmune Technologies Inc.
(formerly MC Partners Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at November 30	***Notes***	**2013**	**2012**
ASSETS		**$**	**$**
Current			
Cash and cash equivalents		44,030	417,794
Short-term investment	4	1,105,468	-
Prepaid expenses		6,542	-
HST/GST receivable		21,754	-
Total current assets		1,177,794	417,794
Non-current assets			
Computer equipment	7	1,528	-
Intangible assets	6	1,127,853	-
Total non-current assets		1,129,381	-
Total assets		2,307,175	417,794
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		73,470	24,085
Total liabilities		73,470	24,085
EQUITY			
Share capital	8	2,670,961	437,406
Reserves		214,348	62,835
Deficit		(651,604)	(106,532)
Total equity		2,233,705	393,709
Total liabilities and equity		2,307,175	417,794

Approved on behalf of the Board:

"Robin Hutchison"
Director

"Michael J. Hutchison"
Director

The accompanying notes are an integral part of these consolidated financial statements.

bioMmune Technologies Inc.
(formerly MC Partners Inc.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

For the Years Ended November 30	*Notes*	**2013** **$**	**2012** **$**
General and administrative expenses			
Accounting and audit fees		40,968	14,895
Administrative and general office	11	8,870	630
Bank charges and interest		1,086	14
Consulting fees	11	140,780	-
Amortization	6,7	45,243	-
Foreign exchange loss		1,538	-
Insurance		3,808	-
Investor relations and marketing		1,737	-
Legal fees		64,609	7,874
Research and development		52,289	-
Share-based payments	8	117,509	36,500
Sponsorship		24,500	26,800
Travel and entertainment		13,201	1,084
Transfer agent, listing and filing fees	11	36,822	4,288
		(552,960)	(92,085)
Interest income		7,888	-
Net loss and comprehensive loss for the year		(545,072)	(92,085)
Loss per share, basic and diluted		(0.04)	(0.03)
Weighted average common shares outstanding – basic and diluted		15,178,798	2,824,863

The accompanying notes are an integral part of these consolidated financial statements.

bioMmune Technologies Inc.
(formerly MC Partners Inc.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Common Shares				Total
	Number of Shares	Amount	Reserve	Deficit	Shareholders' Equity
		$	$	$	$
Balance, November 30, 2011	2,000,000	100,000	-	(14,447)	85,553
Issue of common shares	5,000,000	500,000	-	-	500,000
Share issuance costs	-	(162,594)	26,335	-	(136,259)
Share-based payments	-	-	36,500	-	36,500
Net loss for the year	-	-	-	(92,085)	(92,085)
Balance, November 30, 2012	7,000,000	437,406	62,835	(106,532)	393,709
Issue of common shares in private placement	10,000,000	1,500,000	-	-	1,500,000
Share issuance costs	-	(161,985)	53,044	-	(108,941)
Exercise of stock options	365,000	36,500	-	-	36,500
Fair value transfer on exercise of options	-	19,040	(19,040)	-	-
Issue of common shares for asset acquisition (note 5)	5,600,000	840,000	-	-	840,000
Share-based payments	-	-	117,509	-	117,509
Net loss for the year	-	-	-	(545,072)	(545,072)
Balance, November 30, 2013	22,965,000	2,670,961	214,348	(651,604)	2,233,705

The accompanying notes are an integral part of these consolidated financial statements.

bioMmune Technologies Inc.
(formerly MC Partners Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended November 30	2013 $	2012 $
Cash provided by (used in):		
Operating activities:		
Net loss for the year	(545,072)	(92,085)
Items not involving cash:		
Amortization	45,243	-
Share-based payments	117,509	36,500
Interest Income	(6,468)	-
Changes in non-cash working capital:		
Prepaid expenses	(5,548)	34,377
HST/GST receivable	(21,405)	-
Accounts payable and accrued liabilities	4,982	14,008
	(410,759)	(7,200)
Investing activities:		
Cash acquired on asset acquisition	10,544	-
Purchase of computer equipment	(2,108)	-
Purchase of intangible assets	(300,000)	-
Purchase of short-term investment	(1,099,000)	-
	(1,390,564)	-
Financing activities:		
Shares issued for cash	1,536,500	500,000
Share issuance costs	(108,941)	(136,259)
	1,427,559	363,741
Net change in cash and cash equivalents	(373,764)	356,541
Cash and cash equivalents , beginning of year	417,794	61,253
Cash and cash equivalents, end of year	44,030	417,794

SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:

Non-cash transactions:		
Shares issued for assets	$ 840,000	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

bioMmune Technologies Inc. (formerly MC Partners Inc.) (the "Company") was incorporated on January 28, 2011 pursuant to the *Business Corporations Act* (British Columbia) under the name MC Partners Inc. as a capital pool company, as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange. On May 24, 2013, the Company acquired all of the issued and outstanding shares of bioMmune Advanced Technologies Inc. (formerly bioMmune Technologies Inc.) ("BAT"), a private company (incorporated on July 5, 2012) formed to commercially exploit a number of patents and patent applications that surround three technologies. The acquisition constituted the Company's Qualifying Transaction pursuant to the CPC Policy of the Exchange. On May 22, 2013, the Company changed its name to bioMmune Technologies Inc. and BAT changed its name to bioMmune Advanced Technologies Inc. The Company is a Tier 2 Research and Development Issuer engaged in the research and development of products for the treatment of cancers, and for improvement of the immune system, trading on the Exchange under the trading symbol "IMU".

The Company's registered office is Suite 1780 - 400 Burrard Street, Vancouver, BC, Canada, V6C 3A6.

The Company has not generated any revenues and has incurred losses of $651,604 since inception. The Company expects to spend a significant amount of capital to fund research and development and on further laboratory and animal studies. As a result, the Company expects that its operating expenses will increase significantly, and consequently, will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurances that the Intellectual Property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company plans to undertake additional laboratory and animal studies with respect to the Intellectual Property, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

These consolidated financial statements have been prepared under the assumptions of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new equity financing for its ongoing operations. Financing options available to the Company include public equity financings and loans. Realization values may be substantially different from carrying values, as shown in these consolidated financial statements, should the Company be unable to continue as a going concern.

Management believes it will be able to continue operations for the next 12 months without raising additional capital, as it has the ability to reduce certain discretionary expenses if required.

The consolidated financial statements of the Company were authorized for issue by the Board of Directors on March 28, 2014.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3(f).

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are summarized below:

(a) Intangible assets

Intangible assets of the Company include technology rights and patents acquired from third parties, and are recorded at cost less accumulated amortization and accumulated impairment losses. Initial acquisition cost is based on the fair value of the consideration paid or payable, and will be amortized on a straight-line basis over the estimated useful life of the underlying technologies with finite lives. The Company reviews the estimated useful lives and carrying values of its technology rights and patents as part of its periodic assessment for impairment of non-financial assets.

The carrying amounts for technology rights and patents do not necessarily reflect present or future value and the ultimate amounts recoverable will be dependent upon the successful development and commercialization of products based on these underlying technologies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Research and development costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, intent and ability to develop and use the technology, are met for deferral and amortization. No development costs have been deferred to date.

(c) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated using the residual method whereby proceeds are allocated first to common shares based on the market trading price of the common shares, and any remaining balance is allocated to warrants.

(d) Share-based payments

The Company accounts for share-based payments using a fair value based method with respect to all share-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the options are recorded at the fair value of the goods or services received. When the value of the goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model.

(e) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on differences between financial statement carrying amounts of existing assets and liabilities, and their respective tax basis (temporary differences). Deferred income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially enacted. The amount of deferred income tax assets recognized is limited to the amount of the benefit that is probable of being realized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimated uncertainty that management has made as at the consolidated statements of financial position date that could result in a material adjustment to the carrying amount of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical Accounting Estimates

Critical accounting estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities include, but are not limited to, the following:

- Intangible assets – useful lives

  Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

- Share-based payments

  The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Significant accounting judgments, estimates and assumptions (continued)

Critical Accounting Estimates (continued)

- Recovery of deferred tax assets

  The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- Asset acquisitions

  Management has had to apply judgments relating to its acquisition during the year with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the acquisition in order to reach a conclusion.

- Intangible assets – impairment

  The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

(g) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Earnings (loss) per share (continued)

share is not adjusted for the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(h) Cash equivalents

Cash equivalents consist of a cashable guaranteed investment certificate ("GIC") that is readily convertible into a known amount of cash.

(i) Short-term investment

Term deposit with a term less than 12 months from the reporting date is classified as a short-term investment.

(j) New standards, amendments and interpretations not yet effective

Certain new standards interpretations and amendments to existing standards are not yet effective as of November 30, 2013 and have not been applied in preparing these consolidated financial statements. The Company is assessing the impact of these standards on its financial statements:

IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances).
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss
- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) New standards, amendments and interpretations not yet effective (continued)

IFRS 9 *Financial Instruments* (2010)

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

IFRS 10 Consolidated Financial Statements

Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities*.

The standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in "special purpose entities"). Under IFRS 10, control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns.

Applicable to the Company's annual period beginning on December 1, 2013.

IFRS 12 *Disclosure of Interests in Other Entities*

Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) New standards, amendments and interpretations not yet effective (continued)

In high-level terms, the required disclosures are grouped into the following broad categories:

IFRS 12 *Disclosure of Interests in Other Entities (continued)*

- Significant judgments and assumptions - such as how control, joint control, significant influence has been determined
- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on
- Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information)
- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

Applicable to the Company's annual period beginning on December 1, 2013.

IFRS 13 *Fair Value Measurement*

Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

This IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a "fair value hierarchy" based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) New standards, amendments and interpretations not yet effective (continued)

IFRS 13 *Fair Value Measurement* (continued)

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g., whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

Applicable to the Company's annual period beginning on December 1, 2013.

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognized financial instruments that are set-off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

Applicable to the Company's annual period beginning on December 1, 2013.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Applicable to the Company's annual period beginning on December 1, 2014.

4. SHORT-TERM INVESTMENT

As at November 30, 2013, the Company has a short-term deposit of $1,099,000 of principal (2012: $nil) maturing June 4, 2014 with an annual interest rate of 1.25%. Included in the balance is accrued interest of $6,468 (2012: $nil).

5. ASSET ACQUISITION

On May 24, 2013, the Company acquired all of the issued and outstanding common shares of BAT in exchange for 5,600,000 common shares of the Company fair valued at $0.15 per common share. The cost of the Acquisition is based on the fair value of the consideration given.

(Expressed in Canadian Dollars)

5. ASSET ACQUISITION (Continued)

As BAT was not considered to be an acquired business under accounting guidance, the Acquisition was accounted for as an asset acquisition. The purchase consideration is $840,000 and the purchase price allocation relating to the Acquisition has been accounted for as follows:

Cash	$	10,544
Accounts receivable		349
Prepaid expenses		994
Intangible assets		872,516
Accounts payable and accrued liabilities		(44,403)
Net asset value of BAT	$	840,000

The difference between the purchase consideration and the fair values of BAT's net assets as at May 24, 2013 has been assigned to intangible assets ($854,827). Accordingly, the $854,827 was added to BAT's intangible assets' carrying value of $17,689 as at May 24, 2013, for a total of $872,516 as above.

6. INTANGIBLE ASSETS

		Cost		Accumulated Amortization		Carrying Value
Balance, November 30, 2011 and 2012	$	-	$	-	$	-
Additions		1,172,516		44,663		1,127,853
Balance, November 30, 2013	$	1,172,516	$	44,663	$	1,127,853

(a) On October 3, 2012, BAT entered into a patent assignment agreement (the "UBC Agreement") with the University of British Columbia ("UBC"), whereby UBC assigned certain patents and patents pending and associated written materials to BAT in exchange for 600,000 BAT common shares (issued) with a fair value of $4,332;

(b) On October 18, 2012, BAT entered into a patent assignment agreement with various individuals (the "Inventors") whereby the Inventors assigned certain patents and patents pending and associated written materials to BAT in exchange for 1,850,000 BAT common shares (issued) with a fair value of $13,357;

(c) On May 24, 2013, the Company acquired BAT (note 5) and the difference between the purchase consideration and the fair values of BAT's net assets has been assigned to intangible assets ($854,827); and

(Expressed in Canadian Dollars)

6. INTANGIBLE ASSETS (Continued)

(d) Pursuant to the terms of the UBC Agreement, the Company paid UBC an assignment fee of $300,000.

The asset is amortized over its estimated useful life, using the straight-line method. From the date of acquisition of the above patents, the estimated useful life is 13.7 years.

7. COMPUTER EQUIPMENT

	Cost	Accumulated Amortization	Carrying Value
Balance, November 30, 2011 and 2012	$ -	$ -	$ -
Additions	2,108	580	1,528
Balance, November 30, 2013	$ 2,108	$ 580	$ 1,528

8. SHARE CAPITAL

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Common shares

During year ended November 30, 2013, the Company:

- Issued 365,000 common shares at $0.10 per common share in relation to the exercise of 365,000 options. Share issuance costs totaled $852, for net proceeds of $35,648;

- Issued 5,600,000 common shares at $0.15 per common share in relation to the Acquisition (note 5); and

- Completed a non-brokered private placement of 10,000,000 units at a price of $0.15 per unit for gross proceeds of $1,500,000 (the “Financing”). Cash share issuance costs totaled $108,941 for net proceeds of $1,391,059. Each unit consisted of one share and one transferable share purchase warrant of the Company (the “Warrant”). Each Warrant entitles the holder to purchase one additional share in the Company at a price of $0.25 for a period of 12 months from the completion of the private placement and is subject to an exercise acceleration clause. Under the acceleration clause, which the Company may exercise once the private placement units are free of the resale if the shares of the Company are trading at or above a volume weighted average price of $0.40 for more than 20 consecutive trading days, the Warrants will expire 30 days

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(b) Common shares (continued)

from the date the Company provides notice in writing to the warrant holders via a news release. Pursuant to the terms of the Financing, the Company paid to Haywood Securities Inc. a finders' fee of $100,020 and issued 1,000,200 finders warrants (each, a "Finder Warrant") fair valued at $53,044. Each Finder Warrant is exercisable into one common share of the Company for a period of 12 months at a price of $0.25.

During the year ended November 30, 2012, the Company:

- Issued 5,000,000 common shares at a price of $0.10 per share for gross proceeds of $500,000. Cash share issuance costs totaled $136,259, for net proceeds of $363,741.

(c) Escrowed shares

As at November 30, 2013, the Company has 5,775,000 (2012: 2,100,000) common shares held in escrow. These shares will be released from escrow pro rata to the shareholders as to 15% every six months after May 24, 2013 for a period of 30 months.

(d) Stock options

During the year ended November 30, 2012, the Company adopted a stock option plan, which provides that the Board of Directors may from time to time, in its discretion, and all in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for five years from the date of grant.

A summary of the Company's outstanding stock options and changes during the years then ended is as follows:

	Quantity	Weighted Average Exercise Price ($)
Balance, November 30, 2011	-	-
Granted	700,000	0.10
Balance, November 30, 2012	700,000	0.10
Granted	1,475,000	0.22
Exercised	(350,000)	0.10
Outstanding and exercisable, November 30, 2013	1,825,000	0.19

8. SHARE CAPITAL (Continued)

(d) Stock options (continued)

On September 24, 2013, the Company granted 150,000 stock options to a director of the Company at an exercise price of $0.20 per common share. The options are exercisable for a period of five years from date of grant. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.40%; expected dividend rate of 0%; expected volatility of 109%; and expected life of 5 years. These options vest every three months from grant date for three years. The fair value of these options was calculated at $5,642, which was recognized as share-based payments.

On June 19, 2013, the Company granted 1,325,000 stock options to officers, directors and a consultant. The options are exercisable at a price of $0.23 per share. The shares will be exercisable for a period of five years from the grant date. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.40%; expected dividend rate of 0%; expected volatility of 109%; and expected life of 5 years. These options vest every three months from grant date for three years. The fair value of these options was calculated at $111,867, which was recognized as share-based payments.

On May 3, 2012, the Company granted 700,000 stock options to its officers and directors. The options are exercisable at a price of $0.10 per share. The options will be exercisable for a period of five years from the grant date. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.56%; expected dividend rate of 0%; expected volatility of 100%; and expected life of 5 years. The fair value of these options was calculated at $36,500, which was recognized as share-based payments.

Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the expense recorded in the accompanying consolidated statements of operations.

The expected volatility used in calculating the fair value of stock options granted is determined based on the historical share price of peer group companies over the estimated lives of the stock options.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(d) Stock options (continued)

The options outstanding and exercisable at November 30, 2013 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
350,000	0.10	3.42
1,325,000	0.23	4.55
150,000	0.20	4.82
1,825,000	0.20	4.36

The options outstanding and exercisable at November 30, 2012 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
700,000	0.10	4.42
700,000	0.10	4.42

(e) Agent warrants

A summary of the Company's outstanding agent warrants and changes during the years then ended is as follows:

	Quantity	Weighted Average Exercise Price ($)
Balance, November 30, 2012	500,000	0.10
Exercised	(15,000)	0.10
Outstanding and exercisable balance, November 30, 2013	485,000	0.10

In connection with the Company's initial public offering, the Company granted agent warrants to purchase 500,000 common shares at a price of $0.10 per share, expiring May 3, 2014 and with a fair value of $26,335.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(f) share purchase warrants

A summary of the Company's outstanding share purchase warrants and changes during the years then ended is as follows:

	Quantity	Weighted Average Exercise Price ($)
Balance, November 30, 2011 and 2012	-	-
Issued (*)	10,000,000	0.25
Balance, November 30, 2013	10,000,000	0.25

* Exercisable on or before May 24, 2014

A summary of the Company's outstanding finders' warrants and changes during the years then ended is as follows:

	Quantity	Weighted Average Exercise Price ($)
Balance, November 30, 2011 and 2012	-	-
Issued (*)	1,000,200	0.25
Balance, November 30, 2013	1,000,200	0.25

* Exercisable on or before May 25, 2014

In connection with the Company's Qualifying Transaction, the Company granted finders' warrants to purchase 1,000,200 common shares at a price of $0.25 per share, expiring May 25, 2014 and with a fair value of $53,044.

The fair value of the finders' warrants is estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.40%; expected dividend yield of 0%; expected volatility of 129%; and expected life of 1 year. Management applied the estimated forfeiture rate of 0%.

The expected volatility used in calculating the fair value of finders' warrants granted is determined based on the historical share price of peer group companies over the estimated lives of the agent options and stock options.

The remaining contractual life of the finders' warrants is 0.48 (2012: N/A) years.

(Expressed in Canadian Dollars)

9. INCOME TAXES

As at November 30, 2013, the Company has non-capital losses of approximately $485,000, which may be applied against future income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements.

The losses expire as follows:

2031		13,000
2032		88,000
2033		384,000
	$	485,000

A reconciliation of income tax provision computed at Canadian statutory rates to the reported taxes is provided as follows:

		2013		2012
Loss before income taxes	$	(545,072)	$	(92,085)
Income tax as statutory rates		25.67%		25.13%
Expected income tax recovery		(139,920)		(23,136)
Non-deductible expenses and other permanent differences		30,326		9,185
Change in timing differences		(40,059)		(40,364)
Effect of change in tax rates		(5,563)		(64)
Unused tax losses and tax offsets not recognized		155,216		54,379
Total income tax recovery	$	-	$	-

Effective January 1, 2013, the British Columbia corporate tax rate increased from 10.00% to 11.00%, and the Canadian federal corporate tax remained unchanged at 15.00%. The overall increase in tax rates has resulted in an increase in the Company's statutory tax rate from 25.13% to 25.67%.
The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

		2013		2012
Non-capital losses carried forward	$	458,058	$	102,580
Equipment		581		-
Share issuance costs		184,708		130,075
	$	643,347	$	232,655

(Expressed in Canadian Dollars)

10. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of any identified business opportunities and to maintain a flexible capital structure for the benefit of its stakeholders.

The Company includes equity, comprised of issued share capital, reserves and deficit in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, acquire or dispose of assets, or adjust the amount of cash.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable growth. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended November 30, 2013.

11. RELATED PARTY TRANSACTIONS

The following directors and/or senior officers transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The following is a summary of related party transactions that occurred during the years ended November 30, 2013 and 2012:

Key management compensation:

Services provided by:		2013	2012
RBH Consulting Inc.	a)	$ 48,000	$ -
Judi Dalling	b)	32,500	-
Cydweli Consultants Inc.	c)	30,000	-
John Morgan	d)	280	-
Share-based payments		100,623	36,500
		$ 211,403	$ 36,500

11. RELATED PARTY TRANSACTIONS (Continued)

a) RBH Consulting Inc. is a privately held corporation controlled by a director who provided consulting services to the Company (note 12).
b) Judi Dalling, the CFO of the Company, provided consulting services to the Company (note 12).
c) Cydweli Consultants Inc. is a privately held corporation controlled by an officer who provided consulting services to the Company (note 12).
d) John Morgan, formerly a director of the Company, provided consulting services to the Company.

Other related party transactions include:

- On May 24, 2013, as part of the acquisition of BAT, a director of the Company acquired direct ownership of 1,325,000 common shares of the Company and control and direction over an additional 1,325,000 common shares, collectively representing approximately 11.73% of the Company's issued and outstanding common shares; and

- Administrative and general office expenditures and listing fees of $36,110 (2012: $1,774) for reimbursements of same were paid to directors and officers.

12. COMMITMENTS

Effective June 1, 2013, the Company entered into consulting agreements as follows:

(a) Consulting agreement with RBH Consulting Inc., a company fully owned by an officer of the Company, to provide consulting services to the Company for a fee of $96,000 per year (note 11);

(b) Consulting agreement with Cydweli Consultants Inc., a company fully owned by an officer of the Company, to provide consulting services to the Company for a fee of $60,000 per year (note 11);

(c) Consulting agreement with Judi Dalling, CFO of the Company, to provide consulting services to the Company for a fee of $65,000 per year (note 11); and

(d) Consulting agreement with 442668 BC Ltd. to provide consulting services to the Company for a fee of $60,000 per year.

Each of these agreements includes an automatic renewal clause, unless notification is provided by either party.

In addition to the fees set forth above, incentive bonuses may be granted at the discretion of the Board of Directors.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS

(a) Fair values

Financial instruments recognized at fair value on the consolidated statements of financial position must be classified in one of the following three fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; or

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

As at November 30, 2013 and 2012, the Company's financial instruments are comprised of cash and cash equivalents, short-term investments, and accounts payable and accrued liabilities. With the exception of cash and cash equivalents and short-term investments, all financial instruments held by the Company are measured at amortized cost.

(b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company limits its exposure to credit loss by placing its cash and cash equivalents, and short-term investments with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

	2013	2012
Cash and cash equivalents	$ 44,030	$ 417,794
Short-term investments	1,105,468	-
	$ 1,149,498	$ 417,794

13. FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

At November 30, 2013, the Company had cash and cash equivalents of $44,030 (2012: $417,794) and short-term investments of $1,105,468 (2012: $Nil) available to apply against short-term business requirements and current liabilities of $73,470 (2012: $24,085). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of November 30, 2013.

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to November 30, 2013:

(a) The Company entered into three new collaborative research agreements with UBC for a total commitment of $390,000. Under the terms of the agreements, the Company will be responsible for three payments to UBC of $65,000 ($195,000), payable within 30 days of signing the agreements, and an additional payment two payments of $65,000 each on July 1, 2014, and one payment of $65,000 on August 1, 2014, in addition to any patent filing costs incurred by UBC;

(b) 175,000 stock options were exercised for gross proceeds of $17,500;

(c) 690,666 warrants were exercised for gross proceeds of $143,867; and

(d) 200,000 stock options were issued on January 27, 2014, exercisable for four years at a price of $0.25. These options vest every three months for the next year.