

BIOMMUNE TECHNOLOGIES INC.
Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2014 and 2013

(Expressed in Canadian Dollars)
Unaudited – Prepared by management

Index

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of BIOMMUNE TECHNOLOGIES INC. (the "Company") have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

"Judi Dalling"

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Judi Dalling
Chief Financial Officer
April 17, 2014

bioMmune Technologies Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

	<i>Notes</i>	February 28, 2014	November 30, 2013
ASSETS		\$	\$
Current			
Cash and cash equivalents		29,777	44,030
Short-term investment	4	824,851	1,105,468
Prepaid expenses		3,937	6,542
HST/GST receivable		26,168	21,754
Total current assets		884,732	1,177,794
Non-current assets			
Computer equipment	7	1,318	1,528
Intangible assets	6	1,106,697	1,127,853
Total non-current assets		1,108,015	1,129,381
Total assets		1,992,747	2,307,175
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		140,814	73,470
Total liabilities		140,814	73,470
EQUITY			
Share capital	8	2,697,586	2,670,961
Reserves		249,612	214,348
Deficit		(1,095,265)	(651,604)
Total equity		1,851,933	2,233,705
Total liabilities and equity		1,992,747	2,307,175

Approved on behalf of the Board:

"Robin Hutchison"

Director

"Michael J. Hutchison"

Director

bioMmune Technologies Inc.
Condensed Consolidated Interim Statements of Operation and Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

For the Three Months Ended February 28,	2014	2013
	\$	\$
General and administrative expenses		
Accounting and audit fees	-	6,799
Administrative and general office	2,142	4,075
Bank charges and interest	450	31
Consulting fees	70,250	280
Amortization	21,366	-
Foreign exchange	4,387	-
Insurance	2,605	-
Investor relations and marketing	7,500	-
Legal fees	-	17,766
Research and development	270,913	-
Share-based payment expense	44,389	-
Travel and entertainment	11,606	301
Transfer agent, listing and filing fees	8,580	20,127
	(444,187)	(49,379)
Interest income	526	-
Net loss and comprehensive loss for the period	(443,661)	(49,379)
Basic and diluted loss per share	(0.02)	(0.01)
Weighted average common shares outstanding - basic and diluted	28,107,857	7,000,000

bioMmune Technologies Inc.

Condensed Consolidated Interim Statements of Shareholders' Equity

(Expressed in Canadian Dollars - unaudited)

	Common Shares		Option Reserve	Warrant Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount				
		\$	\$		\$	\$
Balance, November 30, 2012	7,000,000	437,406	62,835	-	(106,532)	393,709
Net income loss for the period	-	-	-	-	(49,379)	(49,379)
Balance, February 28, 2013	7,000,000	437,406	62,835	-	(155,911)	344,330
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	-	19,400	(19,400)	-	-	-
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 period	-	-	-	-	(495,693)	(495,693)
Balance, November 30, 2013	22,965,000	2,671,321	160,944	53,044	(651,604)	2,233,705
Exercise of stock options	175,000	17,500	-	-	-	17,500
Fair value transfer on exercise of options	-	9,125	(9,125)	-	-	-
Share-based payments	-	-	44,389	-	-	44,389
Net loss for the period	-	-	-	-	(443,661)	(443,661)
Balance, February 28, 2014	23,140,000	2,697,946	196,208	53,044	(1,095,265)	1,851,933

bioMmune Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)

For the three months ended February 28,	2014	2013
	\$	\$
Cash provided by (used in):		
Operating activities:		
Net loss for the period	(443,661)	(49,379)
Items not involving cash:		
Amortization	21,366	-
Share-based payment expense	44,389	-
Changes in non-cash working capital:		
Prepaid expenses	2,605	(806)
HST/GST receivable	(4,414)	(25,000)
Accounts payable and accrued liabilities	67,344	22,785
	(312,370)	(52,400)
Investing activities		
Sale of short term investment	280,617	-
	280,617	-
Financing activities		
Shares issued for cash	17,500	-
	17,500	-
Net change in cash and cash equivalents	(14,253)	(52,400)
Cash and cash equivalents, beginning of period	44,030	417,794
Cash and cash equivalents, end of period	29,777	365,394

bioMmune Technologies Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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1. NATURE OF OPERATIONS AND GOING CONCERN

bioMmune Technologies 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, 2013) 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 \$1,095,265 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 condensed consolidated interim 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 condensed consolidated interim 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.

bioMmune Technologies Inc.
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2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with the International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements of the Company were authorized for issue by the Board of Directors on April 17, 2014.

Basis of preparation

These condensed consolidated interim financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company’s Annual Financial Statements as at and for the year ended November 30, 2013. Accordingly, these condensed consolidated interim financial statements for the three months ended February 28, 2014 and 2013 should be read together with the Annual Financial Statements as at, and for the year ended November 30, 2013.

Effective December 1, 2013, the Company adopted the following accounting standards issued by IASB.

IFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company does not believe the adoption of this standard will have a significant effect on its financial statements.

IFRS 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS’s. The requirements, which are largely aligned between IFRS’s and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS’s or US GAAP. The Company does not believe the adoption of this standard will have a significant effect on its financial statements.

4. SHORT-TERM INVESTMENT

As at February 28, 2014, the Company has a short-term deposit of \$820,000 of principal (2013: \$nil) maturing June 4, 2014 with an annual interest rate of 1.25%. Included in the balance is accrued interest of \$4,851 (2012: \$nil).

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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.

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
Balance, November 30, 2011 and 2012	\$ -
Additions	1,172,516
Amortization	(44,663)
Balance, November 30, 2013	1,127,853
Additions	-
Amortization	(21,156)
Balance, February 28, 2014	\$ 1,106,697

- (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

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6. INTANGIBLE ASSETS (Continued)

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
- (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

	\$
Balance, November 30, 2012	-
Additions	2,108
Accumulated Amortization	(580)
Balance, November 30, 2013	1,528
Additions	-
Accumulated Amortization	(210)
Balance February 28, 2014	1,318

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 the three months ended February 28, 2014, the Company:

- Issued 175,000 common shares at \$0.10 per common share in relation to the exercise of 175,000 options.

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8. SHARE CAPITAL (Continued)

(b) Common shares (continued)

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 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.

(c) Escrowed shares

As at November 30, 2013, the Company has 5,775,000 (2013: 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.

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8. SHARE CAPITAL (Continued)
(d) Stock options (continued)

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

	Quantity	Weighted Average Exercise Price (\$)
Balance, November 30, 2012	700,000	0.10
Granted	1,475,000	0.22
Exercised	(350,000)	0.10
Balance, November 30, 2013	1,825,000	0.19
Granted	200,000	0.25
Exercised	(175,000)	0.10
Balance, February 28, 2014	1,850,000	0.23

On January 27, 2014, the Company granted 200,000 stock options to a consultant providing advisory services to the Company. The options are exercisable for four years at a price of \$0.25 and vest every three months during the first year. 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 1.00%; expected dividend rate of 0%; expected volatility of 108%; and expected life of four years. The fair value of these options was calculated at 8,565, which was recognized as share-based payment expense.

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 \$3,958, 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 \$31,866, which was recognized as share-based payments.

bioMmune Technologies Inc.
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8. SHARE CAPITAL (Continued)
(d) Stock options (continued)

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.

The options outstanding and exercisable at February 28, 2014 are as follows:

Number Outstanding	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
175,000	0.10	3.17
1,325,000	0.23	4.30
150,000	0.20	4.57
200,000	0.25	3.91
1,850,000	0.20	4.17

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8. SHARE CAPITAL (Continued)

(e) Agent warrants

A summary of the Company's outstanding agent warrants and changes 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, February 28, 2014 and 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.

(f) Share purchase warrants

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

	Quantity	Weighted Average Exercise Price (\$)
Balance, November 30, 2012	-	-
Issued (*)	10,000,000	0.25
Balance, February 28, 2014 and 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 is as follows:

	Quantity	Weighted Average Exercise Price (\$)
Balance, November 30, 2012	-	-
Issued (*)	1,000,200	0.25
Balance, February 28, 2014 and November 30, 2013	1,000,200	0.25

* Exercisable on or before May 25, 2014

8. SHARE CAPITAL (Continued)

(f) Share purchase warrants (continued)

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 0.23 (2013: N/A) years.

9. 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 three months ended February 28, 2014.

10. 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.

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10. RELATED PARTY TRANSACTIONS (Continued)

The following is a summary of related party transactions that occurred during the three months ended February 28, 2014 and 2013:

Key management compensation:

Services provided by:		2014	2013
RBH Consulting Inc.	a)	\$ 24,000	\$ -
Judi Dalling	b)	16,250	-
Cydweli Consultants Inc.	c)	15,000	-
John Morgan	d)	-	280
Share-based payments		35,824	-
		<u>\$ 91,074</u>	<u>\$ 280</u>

- 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 11.45% of the Company's issued and outstanding common shares; and
- During the three months ended February 28, 2014, administrative and general office expenditures of \$14,222 (2013: \$207) for reimbursements of same were paid to directors and officers.

11. COMMITMENTS

During the three months ended February 28, 2014, 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 (\$130,000 paid during the period), and an additional 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.

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11. COMMITMENTS (Continued)

On February 1, 2014, the Company entered into a corporate development agreement with Hamza Thindal Capital Corporation to provide advisory services related to capital markets for a fee of \$5,000 per month for a period of 12 months.

On February 1, 2014, the Company entered into an agency agreement with Pure Advertising & Marketing Inc. to provide advisory services related to advertising, marketing and corporate communications for a fee of \$2,500 per month for a period of 12 months.

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.

12. 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

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12. FINANCIAL INSTRUMENTS (Continued)

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

As at February 28, 2014 and 2013, 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.

	2014	2013
Cash and cash equivalents	\$ 29,777	\$ 365,394
Short-term investments	824,851	-
	\$ 854,628	\$ 365,394

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet 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 February 28, 2014, the Company had cash and cash equivalents of \$29,777 (2013: \$365,394) and short-term investments of \$824,851 (2013: \$nil) available to apply against short-term business requirements and current liabilities of \$140,814 (2013: \$46,870). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of February 28, 2014.

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to February 28, 2014, 690,666 warrants were exercised for gross proceeds of \$143,867.