

BIOMMUNE TECHNOLOGIES INC.
Suite 1780 – 400 Burrard Street, Vancouver, BC, Canada

Form 51-102F1

**Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Three Months
Ended February 28, 2014**

Date: April 17, 2014

Management's Discussion and Analysis

The following management discussion and analysis (MD&A) of the financial information of bioMmune Technologies Inc. (formerly MC Partners Inc.) (the "Company") and results of operations should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended February 28, 2014 and the audited consolidated financial statements and accompanying notes for the year ended November 30, 2013 and, together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include the operating results of the Company.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 17, 2014. The information contained within this MD&A is current to April 17, 2014.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian Dollars unless noted otherwise.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

Overview

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 (the "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 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".

Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

Overall Performance

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 share (the "Acquisition"). 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.

Stock Options

In March, 2014 690,666 share purchase warrants were exercised for gross proceeds of \$143,867.

In January, 2014, 175,000 stock options were exercised for proceeds of \$17,500.

In January, 2014, 200,000 stock options were granted to Hamza Thindal Capital Corp., vesting over a one-year period, exercisable for four years at a price of \$0.25.

The consolidated statement of financial position as of February 28, 2014 indicates a cash position of \$29,777 (November 30, 2013: \$44,030). Other current assets comprise short-term investment of \$824,851 (November 30, 2013: \$1,105,468), HST/GST receivable of \$26,168 (November 30, 2013: \$21,754) and prepaid expenses of \$3,937 (November 30, 2013: \$6,542). Non-current assets at February 28, 2014 comprise computer equipment of \$1,318 (November 30, 2013: \$1,528) and intangible assets of \$1,106,697 (November 30, 2013: \$1,127,853).

Current liabilities at February 28, 2014 total \$140,814 (November 30, 2013: \$73,470) comprising audit fees of \$7,000 (November 30, 2013: \$17,000), research and development fees of \$124,866, (November 30, 2013: \$31,718), legal fees of \$nil (November 30, 2013: \$17,859), consulting fees of \$7,875 (November 30, 2013: \$nil) and general administrative expenses of \$1,073 (November 30, 2013: \$6,893).

Shareholders' equity is comprised of share capital of \$2,697,586 (November 30, 2013: \$2,670,961), reserves of \$249,612 (November 30, 2013: \$214,348) and a deficit of \$1,095,265 (November 30, 2013: \$651,604).

Share capital increased \$26,625 as a result of the exercise of options to purchase 175,000 common shares (\$17,500 plus fair value transfer of \$9,125).

Reserves increased \$35,264 in connection with options vesting during the period totalling an aggregate of \$44,389 less a reduction through the exercise of options with a fair value of \$9,125.

As at February 28, 2014, the Company has working capital of \$743,918 (November 30, 2013: \$1,104,324).

The weighted average number of common shares outstanding for the three months ended February 28, 2014 is 28,107,857 (2013: 7,000,000).

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 (“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 (see *Overall Performance*) 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.

Intangible assets consist of intellectual property surrounding the following three technologies:

1. The discovery of HDACi’s (Histone Deacetylase) which are proteins (enzymes) important for the regulation of cell growth and have been found to be novel for the treatment of cancers.

Much of the initial screening process is now completed and positive hits from the screen were reported. Preliminary results are showing activity regarding increase of MHC I and TAP-1 expression very similar to the HDACi TSA. Two new chemical structures have been identified with high activity and very efficient in restoring expression of MHC I and TAP-1 on cancer cells. These structures will lead to the development of new drugs for the treatment of cancers by restoring their immune-recognition. This work will continue to over the coming months with further compound libraries being tested in our screening assay.

In February, 2014, the Company entered into an agreement with UBC whereby UBC will conduct research to identify compounds that increase the expression of the APP (Antigen Presenting Pathway) component TAP-1 and MHC 1 molecules on the surface of metastatic tumor cells, thereby rendering them visible to the immune system. The Company will pay UBC an aggregate of \$130,000 to cover the cost of this research. The first installment of \$65,000 was paid on March 25, 2014 and the final installment of \$65,000 will be payable on August 14, 2014. The Company does not anticipate any further significant expenditures to take this research into and through the preliminary animal testing stage.

2. The Calcium Channels which are a multi-member family with over 10 different proteins. These channel activities are regulated and regulate the concentration of calcium (Ca) in different places in cells and regulates the concentration of Ca, which is very important for the activity of cells involved in the immune system. This channel, designed as Cav 1.4, is

important in identifying new calcium channel regulators (blockers) and to improve the activity of the immune system to combat cancers, infections and also autoimmunities.

As we reported, this project is at the early stage of development. The Company is developing new monoclonal antibodies against the ectodomain of Cav Isoforms. Once some monoclonal antibodies have been generated they will be tested for their effect, inhibition or activation of the Calcium Channels directed by Cav, ultimately leading to a regulation of the activity of the immune system and specifically Cytolytic T Lymphocytes (CTL) activity. We expect to see results from this work within the next quarter.

3. Technology called CD74, which is a protein involved in the immune system and its regulation. Finding ways or compounds that regulate its activity will improve the immune system to combat infections, cancers and autoimmune diseases.

This project has undergone some preliminary developments and the cloning of the CD74 chaperone protein is underway. CD74 will be modified in order to present specific antigenic peptides and transfected in specific cells for expression.

In January, 2014, the Company entered into an agreement with UBC whereby UBC will conduct research to create antibodies that modulate the activation of Leukocytes to see whether these antibodies modulate inflammation and immune function in animal models of human disease such as transplant rejection and allergy. In February, 2014, the Company paid UBC \$130,000 to cover the scope of this research, with an additional payment of \$130,000 to be made on or before July 1, 2014.

The Company does not anticipate any further significant expenditures to take the Calcium Channel and CD74 research into and through the preliminary animal testing stage.

During the three months ended February 28, 2014, the Company incurred research and development costs of \$270,913 comprising payments to UBC of \$195,000 pursuant to research agreements as described above and legal fees of \$75,913 associated with filing patent continuities as well as defence and prosecution of patent applications currently owned by the Company.

Results of Operations

During the three months ended February 28, 2014, the Company reported a net loss of \$443,661 (\$0.02 basic and diluted loss per share) compared to a net loss of \$49,379 (February 28, 2013: \$0.01 basic and diluted loss per share). The increase is due to the completion of the Company's Qualifying Transaction through the acquisition of BAT, whereby the Company commenced research and development of its technologies. In February, 2014, the Company paid \$130,000 to UBC to conduct research (see "Intangible Assets").

Use of Proceeds

In May, 2013, the Company completed its Qualifying Transaction and 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 following table illustrates the Company's use of proceeds from June 1, 2013 to February 28, 2014:

| | As at February 28, | |
|-----------------------------------------------|--------------------|-----------|
| | 2014 | |
| | Actual | Budget |
| Source of Funds | \$ | \$ |
| Working capital | 299,854 | 297,454 |
| Gross private placement proceeds | 1,500,000 | 1,500,000 |
| Interest income | 8,414 | - |
| Total Funds | 1,80,8268 | 1,797,454 |
| Use of Proceeds | | |
| UBC contract research stage | 240,000 | 401,250 * |
| UBC intellectual property acquisition payment | 300,000 | 300,000 |
| Intellectual property costs | 124,733 | 56,250 * |
| Qualifying transaction costs | 81,987 | 50,000 |

| | | |
|------------------------------------|------------------|------------------|
| Finders' fee | 100,020 | 120,000 |
| Sponsor's fee | 49,750 | 43,600 |
| Salaries and benefits | - | 33,000 * |
| Consulting fees | 165,750 | 175,125 * |
| Investor relations and marketing | 9,237 | 18,750 * |
| Office expenses | 6,947 | 41,250 * |
| Travel and entertainment | 24,389 | 28,125 * |
| Insurance | 6,413 | 22,500 * |
| Audit and accounting expenses | 12,125 | 37,500 * |
| Legal fees | 44,563 | 18,750 * |
| IT expenses | - | 26,250 * |
| Transfer agent and regulatory fees | 21,534 | 15,000 * |
| Total Use of Proceeds | 1,187,479 | 1,391,475 |
| Unallocated working capital | 620,789 | 405,979 |
| Total | 1,808,268 | 1,797,454 |

* Where applicable, the twelve month budget figures have been pro-rated to February 28, 2014.

Summary of Quarterly Results

The following table presents selected quarterly financial information of the Company for the eight most recently completed quarters of operation prepared in accordance with IFRS and expressed in Canadian Dollars.

| | 2014 | | 2013 | | | 2012 | | |
|-------------------------------------|-----------|----------|-----------|----------|----------|----------|----------|----------|
| | Qtr 1 | Qtr 4 | Qtr 3 | Qtr 2 | Qtr 1 | Qtr 4 | Qtr 3 | Qtr 2 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | - | - | - | - | - | - | - | - |
| Net Loss | (443,661) | (53,251) | (369,183) | (73,259) | (49,379) | (30,399) | (40,601) | (20,304) |
| Basic and diluted Loss per share | (0.02) | (0.00) | (0.03) | (0.01) | (0.00) | (0.01) | (0.01) | (0.01) |

Subsequent to the completion of the Qualifying Transaction in Quarter 2 of 2013, the Company began actively moving forward with research and development. Quarter 3 of 2013 included share-based payments of \$266,059 in connection with the grant of 1,475,000 options to directors, officers and consultants, a portion of which were reversed in quarter 4 to reflect the vesting provisions of the options (\$148,550).

The Company's significant accounting policies are set out in Note 3 of the audited annual financial statements as at and for the year ended November 30, 2013.

Analysis of Quarterly Results

| 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 | a) 70,250 | 280 |
| Amortization | b) 21,366 | - |
| Foreign exchange | 4,387 | - |
| Insurance | 2,605 | - |
| Investor relations and marketing | 7,500 | - |
| Legal fees | - | 17,766 |
| Research and development | c) 270,913 | - |

| | | | |
|-----------------------------------------|----|--------|--------|
| Share-based payment expense | d) | 44,389 | - |
| Travel and entertainment | e) | 11,606 | 301 |
| Transfer agent, listing and filing fees | | 8,580 | 20,127 |

- a) Consulting agreements were entered into effective June 1, 2013, as follow:
- i. Consulting agreement with RBH Consulting Inc., a company fully owned by a director of the Company, to provide consulting services to the Company for a fee of \$96,000 per year;
 - ii. 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;
 - iii. Consulting agreement with Judi Dalling, CFO, of the Company to provide consulting services to the Company for a fee of \$65,000 per year; and
 - iv. Consulting agreement with 442668 BC Ltd. to provide consulting services to the Company for a fee of \$60,000 per year.
- b) Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses.
- c) Research and development incurred during the period related to legal fees for defence of and filing of patents as well as payments to UBC of \$195,000 during the current quarter for ongoing research.
- d) Shared-based payments reflect vesting provisions related to the grant of stock options.
- e) Travel and entertainment includes trips to Europe and United States to attend industry conferences and present our technology to potential industry partners.

Overall, the increase in general and administrative expenses in Fiscal 2014 over Fiscal 2013 resulted from the completion of the Company's Qualifying Transaction in May, 2013.

Liquidity & Capital Resources

The Company has financed its operations to date through the issuance of common shares.

| | February 28, 2014 | November 30, 2013 |
|-----------------|----------------------|----------------------|
| Working capital | \$ 743,918 | \$ 1,104,324 |
| Deficit | \$ 1,095,265 | \$ 651,604 |

During the three months ended February 28, 2014, net cash used in operating activities is \$312,370 (2013: \$52,400), comprising a loss of \$443,661 (2013: \$49,379) net of amortization expense of \$21,366 (2013: \$nil) and share-based payments of \$44,389 (2013: \$nil), a decrease in prepaid expenses of \$2,605 (2013: increase of \$806), an increase in HST/GST receivable of \$4,414 (2013: \$25,000) and an increase in accounts payable and accrued liabilities of \$67,344 (2013: \$22,785).

Cash used in investing activities is \$280,617 (2013: \$nil), comprising sale of a short-term investment (2013: \$nil).

Cash from financing activities is \$17,500 (2013: \$nil), comprising shares issued for cash.

The condensed consolidated interim financial statements for the three months ended February 28, 2014 and 2013 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. To date, the Company has financed its activities through its initial public offering and a non-brokered private placement. The Company will continue to depend on investor

sentiment remaining positive towards biotechnological research and the Company in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment which include but are not limited to a positive climate for biotechnological research, a company's track record and the experience and caliber of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company other than the following:

- In February, 2014, the Company entered into three 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 additional payments of \$65,000 each; two payments due on July 1, 2014 and one payment due on August 1, 2014. The Company will also be responsible for any patent filing costs incurred by UBC.

Related Party Transactions

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 | - |
| | | \$ 91,074 | \$ 280 |

a) RBH Consulting Inc. is a privately held corporation controlled by a director who provided consulting services to the Company.

b) Judi Dalling, the CFO of the Company, provided consulting services to the Company.

c) Cydweli Consultants Inc. is a privately held corporation controlled by an officer who provided consulting services to the Company.

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.

Effective June 1, 2013, the Company entered into consulting agreements with related parties as follow:

- Consulting agreement with RBH Consulting Inc., a company fully owned by a director of the Company, to provide consulting services to the Company for a fee of \$96,000 per year;
- 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; and,
- Consulting agreement with Judi Dalling, CFO, of the Company to provide consulting services to the Company for a fee of \$65,000 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.

Proposed Transactions

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the condensed consolidated interim financial statements for the three months ended February 28, 2014 and 2013.

New Accounting Standards

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.

Refer to note 3 in the consolidated financial statements for the year ended November 30, 2013 for the Company's significant accounting policies. Certain pronouncements were issued by the IASB that are mandatory for annual years beginning after January 1, 2013. The changes have not been early adopted are being evaluated to determine if there will be an impact on the Company.

Accounting standards not yet implemented

The following standards have been issued but are not yet effective. They may result in future changes to accounting policies and other note disclosures.

Certain new standards interpretations and amendments to existing standards are not yet effective as of February 28, 2014 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.

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 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.

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

- 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.

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.

Financial Instruments & Other 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 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.

Risks and Uncertainties

Overview

An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the company and its business, shareholders should carefully consider, in addition to the other information contained in this management discussion and analysis, the following risk factors. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

Competition

The market for the Company's technology is highly competitive. The Company competes with other research teams who are also examining potential therapeutics with regards to autoimmune diseases and disorders. Many of its competitors have greater financial and operational resources and more experience in research and development than the Company. These and other companies may have developed or could in the future develop new technologies that compete with the Company's technologies or even render its technologies obsolete.

Competition in the Company's markets is primarily driven by:

- timing of technological introductions;
- ability to develop, maintain and protect proprietary products and technologies; and
- expertise of research and development team.

Litigation to Protect Company's Intellectual Property

The Company's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Company's patents in foreign

jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Company's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Company's favour.

Clinical testing and Regulatory approval

Since the Company's success is dependent on the successful completion of a third party pre-clinical trials, regulatory approval and introduction of its technology into the market, and since the Company has completed none of the tasks at this time, the Company does not know if it will be able to complete them.

The actual timing of these events can vary dramatically due to factors such as delays or failures in the Company's clinical trials and the uncertainties inherent in the regulatory approval process. The Company might not be able to obtain the necessary results from its pre-clinical trials or to gain regulatory approval necessary for licensing its technology. The Company's failure to achieve these objectives will mean that an investor will not be able to recoup their investment or to receive a profit on their investment.

Intellectual Property

The Company's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. The Company files patent applications in the United States, Canada, Europe, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of the Company's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. The Company cannot provide assurances that patents will be granted with respect to any of its pending patent applications, that the scope of any of its patents will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. The Company's current patents could be successfully challenged, invalidated or circumvented. This could result in the Company's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that the Company considers significant could have a material adverse effect on its business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect the Company's intellectual property rights to the same extent as the laws of Canada and the United States. The Company holds patents only in selected countries. Therefore, third parties may be able to replicate technologies covered by the Company's patents in countries in which it does not have patent protection.

Legal Proceedings

In the course of the Company's business, the Company may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Company asserting that it has misappropriated their technologies and had improperly incorporated such technologies into its products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Company's business. In the future, the Company may be made a party to litigation involving intellectual property matters and such actions, if determined adversely, could have a material adverse effect on the Company.

Dependence upon Management

Although the Company Issuer is expected to have experienced senior management and personnel, it will be substantially dependent upon the services of a few key personnel, particularly Robin Hutchison, Wilfred Jefferies and Reinhard Gabathuler, for the successful operation of its business. The loss of the services of any of these personnel could have a material adverse effect on the business of the Company. The Company may not be able to attract and retain personnel on acceptable terms given the intense competition for such personnel among high technology enterprises, including biotechnology, and healthcare companies, universities and non-profit research institutions. If it loses any of these persons, or is unable to attract and retain qualified personnel, its business, financial condition and results of operations may be materially and adversely affected.

Going Concern

The ability of the Company to continue as a going concern is dependent on its ability to generate future profitable operations and to obtain additional debt or equity financing. There can be no assurance that the Company's operations will achieve profitability in the future or that the Company will be able to successfully obtain financing on commercially reasonable terms or at all.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the Company's research and development programs will be required. No assurances can be given that the the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, or even cease its operations.

Reliance on Third Parties

The Company is relying on a third party to assist it in conducting both pre-clinical and clinical trials. If this third party does not successfully carry out their contractual duties or meet expected deadlines, the Company may not be able to obtain regulatory approval for or commercialize its technology.

Unproven market

The Company believes that there will be many different applications for its technologies and that the anticipated market for these technologies will continue to expand. However, no assurance can be given that these beliefs will be correct owing, in particular, to competition from existing technologies or new technologies and the yet to be established replication of the Company's pre-clinical results.

Limited Operating History

The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future.

Conflicts of Interest

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including research and development companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The *Business Corporations Act*, (British Columbia) ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Market risk

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Other MD&A Requirements

Information available on SEDAR

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – www.sedar.com.

Disclosure by venture issuer

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates.

Outstanding share data

Common shares issued and outstanding as at November 30, 2013 are described in detail in Note 8 to the consolidated financial statements for the year ended November 30, 2013.

As at the date of this document, April 17, 2014, the Company had the following number of securities outstanding:

| | Number of shares | \$ | Number of options | Exercise price | Expiry date |
|-------------------------------|-------------------------|-----------|--------------------------|-----------------------|--------------------|
| Issued and outstanding | 23,780,666 | 2,752,528 | 175,000 | \$0.10 | May 3, 2017 |
| | | | 1,325,000 | \$0.23 | June 19, 2018 |
| | | | 150,000 | \$0.20 | September 24, 2018 |
| | | | 200,000 | \$0.25 | January 27, 2016 |
| | | | Agents' warrants | | |
| | | | 485,000 | \$0.10 | May 3, 2014 |
| | | | Warrants | | |
| | | | 9,551,334 | \$0.25 | May 24, 2014 |
| | | | Finder's warrants | | |
| | | | 1,000,200 | \$0.25 | May 24, 2014 |