BIOMMUNE TECHNOLOGIES INC.

Condensed Consolidated Interim Financial Statements
For the Nine Months Ended August 31, 2014 and 2013

(Expressed in Canadian Dollars)
Unaudited – Prepared by management

<u>Index</u>

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
October 29, 2014

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

	Notes	August 31, 2014	November 30, 2013
ASSETS		$	$
Current			
Cash and cash equivalents		39,484	44,030
Short-term investment	4	491,500	1,105,468
Prepaid expenses		177,366	6,542
HST/GST receivable		16,622	21,754
Total current assets		724,972	1,177,794
Non-current assets			
Computer equipment		898	1,528
Intangible assets		1,064,097	1,127,853
Total non-current assets		1,064,993	1,129,381
Total assets		1,789,965	2,307,175
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		9,807	73,470
Total liabilities		9,807	73,470
EQUITY			
Equity attributable to shareholders			
Share capital		3,008,227	2,670,961
Reserves		316,850	214,348
Accumulated deficit		(1,544,919)	(651,604)
Total equity		1,780,158	2,233,705
Total liabilities and equity		1,789,965	2,307,175

Approved on behalf of the Board:

"Robin Hutchison" — Director

"J. Michael Hutchison" — Director

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

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

	Nine months ended August 31,		Three months ended August 31,	
	2014	2013	**2014**	2013
Expenses	$	$	$	$
Accounting and audit fees	300	25,575	-	3,137
Administrative and general office	12,383	3,260	7,878	-2,261
Bank charges and interest	1,540	764	597	715
Consulting fees	219,750	70,530	79,250	70,250
Depreciation and amortization	64,387	435	21,837	435
Foreign exchange	17,813	877	4,840	877
Insurance	7,857	440	2,589	440
Investor relations and marketing	54,086	708	21,002	708
Legal fees	5,539	47,837	2,461	4,189
Research and development	363,480	18,146	105,248	18,146
Share-based payment expense	111,627	266,059	30,606	266,059
Sponsorship fees	-	24,500	-	-
Transfer agent, filing and listing fees	15,894	30,163	3,195	4,528
Travel and entertainment	26,059	5,255	3,330	4,688
	(900,715)	(494,549)	(282,832)	(371,911)
Interest income	7,400	2,728	2,050	2728
Net loss and comprehensive loss for the period	$ (893,315)	$ (491,821)	$ (280,782)	$ (374,639)
Basic and diluted loss per share	$ (0.04)	$ (0.04)	$ (0.01)	$ (0.02)
Weighted average common shares outstanding - diluted	23,913,629	12,672,727	24,673,417	15,432,432

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

bioMmune Technologies Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Expressed in Canadian Dollars - unaudited)

	Common Shares					
	Number of Shares	Amount	Option Reserve	Warrant Reserve	Deficit	Total Shareholders' Equity
		$		$	$	$
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
Issue of common shares for asset acquisition	5,600,000	840,000	-	-	-	840,000
Share issuance costs	-	(107,238)	-	-	-	(107,238)
Share-based payments	-	-	266,059	-	-	266,059
Net loss for the period	-	-	-	-	(491,821)	(491,821)
Balance, August 31, 2013	22,600,000	2,670,168	328,894	-	(598,353)	2,400,709
Exercise of stock options	365,000	36,500	-	-	-	36,500
Fair value transfer on exercise of options	-	19,040	(19,040)	-	-	-
Share issuance costs	-	(54,747)	-	53,044	-	(1,703)
Share-based payments	-	-	(148,550)	-	-	(148,550)
Net loss for the period	-	-	-	-	(53,251)	(53,251)
Balance, November 30, 2013	22,965,000	2,670,961	161,304	53,044	(651,604)	2,233,705
Exercise of stock options	175,000	17,500	-	-	-	17,500
Share-based payments	-	-	111,627	-	-	111,627
Fair value transfer on exercise of options	-	9,125	(9,125)	-	-	-
Exercise of warrants	1,533,417	310,641	-	-	-	310,641
Net loss for the period	-	-	-	-	(893,315)	(893,315)
Balance, August 31, 2014	24,673,417	3,008,227	263,806	53,044	(1,544,919)	1,780,158

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

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

	Nine months ended August 31, 2014	2013
Cash provided by (used in):		
Operating activities:		
Net profit (loss) for the period	$ (893,315)	$ (491,821)
Items not involving cash:		
Depreciation and amortization expense	64,387	435
Share-based payment expense	111,627	266,059
Changes in non-cash working capital:		
Receivables	5,133	(16,484)
Prepaid expenses	(170,824)	(10,904)
Accounts payable and accrued liabilities	(63,663)	(11,387)
	(946,656)	(264,102)
Investing activities:		
Cash acquired on acquisition of subsidiary	-	(10,544)
Computer equipment and software	-	(2,108)
Intangible assets	-	(171,972)
(Purchase) sale of short term investment	613,968	(1,336,590)
	613,968	(1,336,590)
Financing activities:		
Shares issued for cash	328,142	1,500,000
Share issuance costs	-	(107,237)
	328,142	1,392,763
Net change in cash and cash equivalents	(4,546)	(392,554)
Cash and cash equivalents, beginning of period	44,030	417,794
Cash and cash equivalents, end of period	$ 39,484	$ 25,240

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

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 $1,544,919 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.

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 October 29, 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 consolidate interim financial statements for the nine months ended August 31, 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 August 31, 2014, the Company has a short-term deposit of $491,500 of principal (November 30, 2013: $1,099,000) maturing June 3, 2015 with an annual interest rate of 1.95%. Included in the balance is accrued interest of $1,500 (November 30, 2013: $6,468).

(Expressed in Canadian Dollars - unaudited)

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	(42,130)
Balance, August 31, 2014	$ 1,085,723

(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

(Expressed in Canadian Dollars - unaudited)

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	(630)
Balance August 31, 2014	898

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 nine months ended August 31, 2014, the Company:

- Issued 175,000 common shares at $0.10 per common share in relation to the exercise of 175,000 options.
- Issued 1,048,667 common shares at $0.25 per common share and 484,750 common shares at $0.10 per common share in relation to the exercise of warrants.

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 August 31, 2014, the Company has 4,620,000 (2013: 6,930,000) 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.

(Expressed in Canadian Dollars - unaudited)

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, August 31, 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 the options vested to August 31, 2014 was calculated at $17,130, 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 the options that vested at August 31, 2014 was calculated at $14,765, which has been 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 the vested options was calculated at $188,674, which has been recognized as share-based payments.

(Expressed in Canadian Dollars - unaudited)

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 August 31, 2014 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
175,000	0.10	2.67
1,325,000	0.23	3.80
150,000	0.20	4.07
200,000	0.25	3.41
1,850,000	0.20	3.67

(Expressed in Canadian Dollars - unaudited)

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, November 30, 2013		
Exercised	(484,750)	0.10
Expired	(250)	0.10
Outstanding, August 31, 2014	-	-

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

During the nine months ended August 31, 2014, 1,048,667 warrants were exercised for gross proceeds of $262,166.75 and the balance of 8,951,333 warrants expired. 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, November 30, 2013	10,000,000	0.25
Exercised	(1,048,667)	0.25
Expired	8,951,333	0.25
Balance, August 31, 2014	-	-

(Expressed in Canadian Dollars - unaudited)

8. SHARE CAPITAL (continued)

(g) Finder's warrants

A summary of the Company's finders' warrants and changes is as follows:

	Quantity	Weighted Average Exercise Price ($)
Balance, November 30, 2012	-	-
Issued (*)	1,000,200	0.25
Balance, November 30, 2013	1,000,200	0.25
Expired	(1,000,200)	0.25
Balance, August 31, 2014	-	-

On May 25, 2014, 1,000,200 finder's warrants expired.

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.

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

(Expressed in Canadian Dollars - unaudited)

9. CAPITAL RISK MANAGEMENT (continued)

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 nine months ended August 31, 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.

The following is a summary of related party transactions that occurred during the six months ended August 31, 2014 and 2013:

Key management compensation:

Services provided by:		**2014**	**2013**
RBH Consulting Inc.	a)	$ 72,000	$ 24,000
Judi Dalling	b)	48,750	16,250
Cydweli Consultants Inc.	c)	54,000	15,000
John Morgan	d)	-	280
Share-based payments		74,340	-
		$249,090	$ 280

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

10. RELATED PARTY TRANSACTIONS (continued)

additional 1,325,000 common shares, collectively representing approximately 11.03% of the Company's issued and outstanding common shares.

11. COMMITMENTS

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 (See also Note 10 "*Related Party Transactions*");

(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. On June 1, 2014, the Company increased the fee to $96,000 per year (See also Note 10 "*Related Party Transactions*");

(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 (See also Note 10 "*Related Party Transactions*") ; 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:

(Expressed in Canadian Dollars - unaudited)

12. FINANCIAL INSTRUMENTS (continued)

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 August 31, 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	$	39,484	$	25,240
Short-term investments		491,500		1,336,590
	$	530,984	$	1,361,830

(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 August 31, 2014, the Company had cash and cash equivalents of $39,484 (2013: $25,240) and short-term investments of $491,500 (2013: $1,336,590) available to apply against short-term business requirements and current liabilities of $9,807 (2013: $162,698). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of August 31, 2014.