

BIOMMUNE TECHNOLOGIES INC.
Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

| <u>Index</u> | <u>Page</u> |
|--|--------------------|
| Independent Auditors' Report to the Shareholders | 2 |
| Consolidated Financial Statements | |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Operations and Comprehensive Loss | 4 |
| Consolidated Statements of Changes in Shareholders' Equity | 5 |
| Consolidated Statements of Cash Flows | 6 |
| Notes to the Consolidated Financial Statements | 7 – 27 |

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BIOMMUNE TECHNOLOGIES INC.

We have audited the accompanying consolidated financial statements of bioMmune Technologies Inc., which comprise the consolidated statements of financial position as at November 30, 2016 and 2015 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of bioMmune Technologies Inc. as at November 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Professional Accountants

Vancouver, British Columbia
March 20, 2017

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

| As at November 30, | Notes | 2016 | 2015 |
|---|--------------|------------------|------------------|
| ASSETS | | \$ | \$ |
| Current | | | |
| Cash and cash equivalents | 4 | 1,028,055 | 998,158 |
| Prepaid expenses | 13 | 44,332 | 99,264 |
| GST receivable | | 18,314 | 22,831 |
| Total current assets | | 1,090,701 | 1,120,253 |
| Non-current assets | | | |
| Computer equipment | 6 | 3,000 | 1,802 |
| Intangible assets | 5 | 870,453 | 956,253 |
| Total non-current assets | | 873,453 | 958,055 |
| Total assets | | 1,964,154 | 2,078,308 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 10 | 113,055 | 131,146 |
| Total liabilities | | 113,055 | 131,146 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 7 | 5,813,506 | 4,554,941 |
| Option reserve | 7 | 511,481 | 371,878 |
| Deficit | | (4,473,888) | (2,979,657) |
| Total shareholders' equity | | 1,851,099 | 1,947,162 |
| Total liabilities and shareholders' equity | | 1,964,154 | 2,078,308 |

Approved on behalf of the Board:

"Patrick W. Gray"

Director

"Dr. Karoly Nikolich"

Director

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

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

| For the years ended November 30, | Notes | 2016 | 2015 |
|---|--------------|--------------------|--------------------|
| | | \$ | \$ |
| Operating expenses | | | |
| Accounting and audit fees | | 18,298 | 17,300 |
| Administrative and general office | | 32,217 | 13,016 |
| Amortization | 5,6 | 86,996 | 86,744 |
| Bank charges and interest | | 1,555 | 1,069 |
| Consulting fees | 10, 11 | 395,135 | 459,100 |
| Foreign exchange loss | | 91,486 | 66,758 |
| Insurance | | 8,125 | 10,698 |
| Investor relations and marketing | | 17,951 | 16,758 |
| Legal fees | | 70,055 | 21,806 |
| Research and development | 13 | 458,732 | 277,962 |
| Share-based payments | 7, 10 | 305,321 | 125,225 |
| Transfer agent, listing and filing fees | | 19,569 | 24,989 |
| Travel and entertainment | | 56,302 | 27,330 |
| | | (1,561,742) | (1,148,755) |
| Interest income | | 2,741 | 3,008 |
| Net loss and comprehensive loss for the year | | (1,559,001) | (1,145,747) |
| Loss per share, basic and diluted | | (0.05) | (0.04) |
| Weighted average common shares outstanding - basic and diluted | | 32,437,139 | 26,577,948 |

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

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

| | Common Shares | | Option Reserve | Deficit | Total Shareholders' Equity |
|--|---------------------|-----------|-------------------|-------------|----------------------------------|
| | Number of Shares | Amount | | | |
| | | \$ | | | |
| Balance, November 30, 2014 | 24,673,417 | 3,033,758 | 246,653 | (1,833,910) | 1,446,501 |
| Shares issued on private placement | 7,000,000 | 1,600,000 | - | - | 1,600,000 |
| Share issuance costs | - | (78,817) | - | - | (78,817) |
| Share-based payments | - | - | 125,225 | - | 125,225 |
| Net loss for the year | - | - | - | (1,145,747) | (1,145,747) |
| Balance, November 30, 2015 | 31,673,417 | 4,554,941 | 371,878 | (2,979,657) | 1,947,162 |
| Exercise of stock options | 725,000 | 156,000 | - | - | 156,000 |
| Fair value transfer on exercise of options | - | 100,948 | (100,948) | - | - |
| Exercise of warrants | 3,116,668 | 1,001,667 | - | - | 1,001,667 |
| Share issuance costs | - | (50) | - | - | (50) |
| Share-based payments | - | - | 305,321 | - | 305,321 |
| Fair value transfer on expired and cancelled options | - | - | (64,770) | 64,770 | - |
| Net loss for the year | - | - | - | (1,559,001) | (1,559,001) |
| Balance, November 30, 2016 | 35,515,085 | 5,813,506 | 511,481 | (4,473,888) | 1,851,099 |

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

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

| For the years ended November 30, | 2016 | 2015 |
|---|------------------|----------------|
| | \$ | \$ |
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net loss for the year | (1,559,001) | (1,145,747) |
| Items not involving cash: | | |
| Amortization | 86,996 | 86,744 |
| Share-based payments | 305,321 | 125,225 |
| Changes in non-cash working capital: | | |
| Prepaid expenses | 54,932 | (21,586) |
| GST receivable | 4,517 | (666) |
| Accounts payable and accrued liabilities | (18,091) | 40,353 |
| | (1,125,326) | (915,677) |
| Investing activity: | | |
| Purchase of computer equipment | (2,394) | (2,059) |
| Financing activities: | | |
| Shares issued for cash | 1,157,667 | 1,600,000 |
| Share issuance costs | (50) | (78,817) |
| | 1,157,617 | 1,521,183 |
| Net change in cash and cash equivalents | 29,897 | 603,447 |
| Cash and cash equivalents, beginning of year | 998,158 | 394,711 |
| Cash and cash equivalents, end of year | 1,028,055 | 998,158 |

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

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

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 (the “Exchange”). On May 24, 2013, the Company acquired all of the issued and outstanding shares of bioMmune Advanced Technologies Inc. (“BAT”), a private company (incorporated on July 5, 2012) formed to commercially exploit a number of patents and patent applications that surround three technologies. The acquisition constituted the Company’s Qualifying Transaction pursuant to the CPC Policy of the Exchange. On May 22, 2013, the Company changed its name to bioMmune Technologies Inc. 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 head office and registered and records office is 1780 - 400 Burrard Street, Vancouver, BC, Canada, V6C 3A6.

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

These consolidated financial statements have been prepared under the assumption 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. As at November 30, 2016, the Company has an accumulated deficit of \$4,473,888 (2015: \$2,979,657) and working capital of \$977,646 (2015: \$989,107). 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 equity financings and loans. Realization values of the Company’s assets may be substantially different from carrying values, as shown in these consolidated financial statements, should the Company be unable to continue as a going concern. The differences could be material.

These consolidated financial statements of the Company were authorized for issue by the Board of Directors on March 20, 2017.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

(b) Basis of measurement

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

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

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are summarized below:

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, bioMmune Advanced Technologies Inc. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Intangible assets

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

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

(c) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (in any).

The recoverable amount used for this purpose is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statements of operations and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(d) Research and development costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Share capital

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

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

(f) Share-based payments

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

(g) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Significant accounting judgments, estimates and assumptions

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

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

Critical Accounting Estimates

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

- Intangible assets – useful lives

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

- Share-based payments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Significant accounting judgments, estimates and assumptions (Continued)

Critical Accounting Estimates (Continued)

- Recovery of deferred tax assets

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

Critical Accounting Judgments

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

- Intangible assets – impairment

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

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Significant accounting judgments, estimates and assumptions (Continued)

Critical Accounting Judgments (Continued)

- Treatment of research and development expenses

The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Significant judgment is required to distinguish between the research and development phases. Estimates and assumptions may change if new information becomes available. If new information suggests future economic benefits are unlikely, the amount capitalized is written off to profit or loss.

(i) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The computation of diluted earnings (loss) per share assumes the exercise or contingent issuance of securities only when such exercise or issuance would have a dilutive effect on the earnings (loss) per share.

(j) Cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Certain new standards, interpretations and amendments to existing standards are not yet effective as of November 30, 2016 and have not been applied in preparing these consolidated financial statements. The Company is assessing the impact of this standard on its consolidated financial statements:

IFRS 9 Financial Instruments

Issued by the IASB July 2014
Effective for annual periods beginning December 1, 2018

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:
Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- Classification and measurement of financial liabilities:
When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- Impairment of financial assets:
An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) New standards, amendments and interpretations not yet effective (Continued)

- Hedge accounting:

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

4. CASH EQUIVALENTS

As at November 30, 2016, the Company had a cashable GIC of \$169,000 (2015: \$405,000) readily convertible into cash, maturing December 7, 2016 with an annual interest rate of 2.00%.

5. INTANGIBLE ASSETS

| | |
|---|-----------|
| Cost | \$ |
| Balance, November 30, 2014, 2015 and 2016 | 1,172,516 |
| Accumulated Amortization | \$ |
| Balance, November 30, 2014 | 130,463 |
| Charge for the year | 85,800 |
| Balance, November 30, 2015 | 216,263 |
| Charge for the year | 85,800 |
| Balance, November 30, 2016 | 302,063 |
| Carrying Value | \$ |
| Balance, November 30, 2015 | 956,253 |
| Balance, November 30, 2016 | 870,453 |

Pursuant to the terms of the October 2012 patent assignment agreement with the University of British Columbia ("UBC"), the Company paid UBC an assignment fee of \$300,000 related to three technologies in the cancer protein projects of research. On May 24, 2013, the Company acquired BAT and the difference between the purchase considerations and the fair values of BAT's net assets has been assigned to intangible assets (\$17,689), the amount of which is \$854,827.

The assets are amortized over their estimated useful lives using the straight-line method. From the date of acquisition of the above patents, the estimated useful life is 13.7 years.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

6. COMPUTER EQUIPMENT

| Cost | \$ |
|---------------------------------|-----------|
| Balance, November 30, 2014 | 2,108 |
| Additions | 2,059 |
| Balance, November 30, 2015 | 4,167 |
| Additions | 2,394 |
| Balance, November 30, 2016 | 6,561 |
| Accumulated Amortization | |
| | \$ |
| Balance, November 30, 2014 | 1,421 |
| Charge for the year | 944 |
| Balance, November 30, 2015 | 2,365 |
| Charge for the year | 1,196 |
| Balance, November 30, 2016 | 3,561 |
| Carrying Value | |
| | \$ |
| Balance, November 30, 2015 | 1,802 |
| Balance, November 30, 2016 | 3,000 |

7. 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 year ended November 30, 2016, the Company:

- Issued 175,000 common shares at a price of \$0.10 per share in relation to the exercise of stock options, for gross proceeds of \$17,500.
- Issued 100,000 common shares at a price of \$0.35 per share in relation to the exercise of stock options, for gross proceeds of \$35,000.
- Issued 450,000 common shares at a price of \$0.23 per share in relation to the exercise of stock options, for gross proceeds of \$103,500.
- Issued 666,668 common shares at a price of \$0.40 per share in relation to the exercise of warrants, for gross proceeds of \$266,667.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(b) Common shares (Continued)

- Issued 2,450,000 common shares at a price of \$0.30 per share in relation to the exercise of warrants, for gross proceeds of \$735,000.

During the year ended November 30, 2015, the Company:

- Completed a non-brokered private placement for 5,000,000 units (each a "Unit") at a price of \$0.20 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.30 to December 8, 2016, subject to an exercise acceleration clause. Under the exercise acceleration clause, which the Company may exercise once the Units are free of resale restrictions and if the Company's shares are trading at or above a volume weighted average price of \$0.50 per share for 10 consecutive trading days, the warrants will expire upon 30 days from the date the Company provides notice in writing to the warrant holders via a news release. Gross proceeds of \$1,000,000 less share issuance costs of \$76,102 resulted in net proceeds of \$923,898.
- Completed a non-brokered private placement for 2,000,000 units (each a "Unit") at a price of \$0.30 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.40 to November 18, 2017, subject to an exercise acceleration clause. Under the exercise acceleration clause, which the Company may exercise once the Units are free of resale restrictions and if the Company's shares are trading at or above a volume weighted average price of \$0.60 per share for 10 consecutive trading days, the warrants will expire upon 30 days from the date the Company provides notice in writing to the warrant holders via a news release. Gross proceeds of \$600,000 less share issuance costs of \$2,715 resulted in net proceeds of \$597,285.

(c) Escrowed shares

As at November 30, 2016, the Company has nil (2015: 1,155,000) common shares held in escrow. The common shares held in escrow were being released every six 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 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 and exercisable for five years from the date of grant.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

7. 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 (\$) |
|--------------------------------|-----------|---|
| Outstanding, November 30, 2014 | 1,850,000 | 0.22 |
| Granted | 950,000 | 0.32 |
| Expired | (200,000) | 0.35 |
| Outstanding, November 30, 2015 | 2,600,000 | 0.21 |
| Granted | 1,212,000 | 0.48 |
| Exercised | (725,000) | 0.22 |
| Expired and cancelled | (400,000) | 0.23 |
| Outstanding, November 30, 2016 | 2,687,000 | 0.36 |
| Exercisable, November 30, 2016 | 1,716,250 | 0.29 |

On April 1, 2016, the Company granted 820,000 stock options to officers and directors of the Company. The option shares are exercisable at a price of \$0.36 per share for a period of five years and will vest quarterly over 12 months, beginning three months after the 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 0.69%; expected dividend rate of 0%; expected volatility of 71%; and forfeiture rate of 0%. The fair value of the options was calculated at \$171,378. The share-based payment expense recognized during the year ended November 30, 2016 was \$152,072.

On October 4, 2016, the Company granted 392,000 stock options to officers and directors of the Company. The option shares are exercisable at a price of \$0.72 per share for a period of five years and will vest quarterly over 12 months, beginning three months after the 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 0.69%; expected dividend rate of 0%; expected volatility of 71%; and forfeiture rate of 0%. The fair value of the options was calculated at \$164,434. The share-based payment expense recognized during the year ended November 30, 2016 was \$53,494.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(d) Stock options (Continued)

On October 16, 2015, the Company granted 200,000 stock options to Investor Relations consultants of the Company. The options are exercisable at a price of \$0.35 per share for a period of one year. The stock options will vest quarterly over 12 months. 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 1.25%; expected dividend rate of 0%; expected volatility of 77%; and expected life of one year. The fair value of the options was calculated at \$21,300. The fair value of \$15,856 was recognized as share-based payment expense during the year ended November 30, 2016 (2015: \$5,441). On January 15, 2016, 100,000 of these stock options were cancelled.

On August 4, 2015, the Company granted 750,000 stock options to officers and directors of the Company. The options are exercisable at a price of \$0.31 per share for a period of five years. 300,000 of the stock options will vest over 12 months, beginning three months after the date of grant, and 450,000 of the stock options will vest over 24 months, beginning three months after the 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 0.75%; expected dividend rate of 0%; expected volatility of 80%; and forfeiture rate of 0%. The fair value of the options was calculated at \$173,475, and \$80,675 was recognized as share-based payment expense during the year ended November 30, 2016 (2015: \$83,756).

The remaining \$3,224 of share-based payment expense recognized during the year ended November 30, 2016 (2015: \$36,028) relates to previously granted options.

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 and comprehensive loss.

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 and the Company over the estimated lives of the stock options.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(d) Stock options (Continued)

The options outstanding at November 30, 2016 are as follows:

| Number Outstanding | Weighted Average Exercise Price (\$) | Contractual Life (Years) |
|---------------------------|---|-------------------------------------|
| 575,000 | 0.23 | 1.55 |
| 150,000 | 0.20 | 1.82 |
| 750,000 | 0.31 | 3.68 |
| 820,000 | 0.36 | 4.34 |
| 392,000 | 0.72 | 4.84 |
| 2,687,000 | 0.36 | 3.49 |

The options outstanding at November 30, 2015 are as follows:

| Number Outstanding | Weighted Average Exercise Price (\$) | Weighted Average Remaining Contractual Life (Years) |
|---------------------------|---|--|
| 175,000 | 0.10 | 1.42 |
| 1,325,000 | 0.23 | 2.55 |
| 150,000 | 0.20 | 2.82 |
| 750,000 | 0.31 | 4.68 |
| 200,000 | 0.35 | 0.88 |
| 2,600,000 | 0.21 | 3.07 |

The number of stock options exercisable at November 30, 2015 is 1,522,917.

(e) Share purchase warrants

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

| | Quantity | Weighted Average Exercise Price (\$) | Weighted Average Remaining Contractual Life (Years) |
|----------------------------|------------------|---|--|
| Balance, November 30, 2014 | - | - | - |
| Issued | 7,000,000 | 0.33 | 0.61 |
| Balance, November 30, 2015 | 7,000,000 | 0.33 | 0.61 |
| Exercised | (3,116,668) | 0.32 | 0.01 |
| Balance, November 30, 2016 | 3,883,332 | 0.33 | 0.01 |

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

8. INCOME TAXES

As at November 30, 2016 the Company has non-capital losses of approximately \$2,906,000, which may be applied against future income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these consolidated financial statements.

The losses expire as follows:

| | \$ |
|------|-----------|
| 2031 | 13,000 |
| 2032 | 88,000 |
| 2033 | 399,000 |
| 2034 | 1,054,000 |
| 2035 | 657,000 |
| 2036 | 695,000 |
| | 2,906,000 |

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

| | 2016 | 2015 |
|--|-------------|-------------|
| | \$ | \$ |
| Loss before income taxes | (1,559,001) | (1,145,747) |
| Income tax as statutory rates | 26.00% | 26.00% |
| Expected income tax recovery | (405,340) | (297,894) |
| Non-deductible share-based payments | 80,113 | 33,084 |
| Temporary differences attributed to: | | |
| Research and development | (286,975) | 72,270 |
| Foreign exchange | 20,737 | 17,357 |
| Share issuance costs | - | (20,492) |
| Unused tax losses and tax offsets not recognized | 591,465 | 195,675 |
| Total income tax recovery | - | - |

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

8. INCOME TAXES (Continued)

The Company recognizes tax benefits on losses or other deductible amounts generated where the criteria for the recognition of deferred tax assets have been met. The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements, as it is not probable that the deferred tax assets will be realized in the future:

| | 2016 | 2015 |
|------------------------------------|------------------|------------------|
| | \$ | \$ |
| Non-capital losses carried forward | 2,906,000 | 2,211,000 |
| Equipment | 1,566,000 | 2,000 |
| Share issuance costs | 69,000 | 139,000 |
| | 4,541,000 | 2,352,000 |

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 shareholders' equity, comprised of issued share capital, reserves and deficit in the definition of capital.

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

The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable growth. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended November 30, 2016.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions that occurred during the years ended November 30, 2016 and 2015.

Key management compensation:

| Services provided by: | | 2016 | 2015 |
|--|-----|----------------|----------------|
| | | \$ | \$ |
| Robin Hutchison (RBH Consulting Inc.) | (a) | 5,885 | 163,000 |
| Dr. Patrick Gray (MolaQule LLC.) | (b) | 120,000 | - |
| Judi Dalling | (c) | 65,000 | 65,000 |
| Dr. Reinhard Gabathuler (Cydweli Consultants Inc.) | (d) | 96,000 | 88,000 |
| Jens Biertumpel | (e) | 13,250 | 13,500 |
| Karoly Nikolich | (f) | - | 7,556 |
| Share-based payments | | 286,873 | 111,017 |
| | | 587,008 | 448,073 |

- (a) RBH Consulting Inc. is a privately held corporation controlled by Robin Hutchison, a former director and former Executive Chairman of the Company, who provided consulting services to the Company. During the year ended November 30, 2015, Robin Hutchison was terminated without cause, effective December 22, 2015. As a result, the Company incurred \$72,000 plus GST, nine months of Robin Hutchison's consulting fee, as stated in the original consulting agreement during the year ended November 30, 2015. The Company paid \$5,885 plus GST during the year ended November 30, 2016 for consulting services rendered in December 2015.
- (b) Dr. Patrick Gray, CEO, President and Chief Scientific Officer of the Company, provided consulting services to the Company (note 11).
- (c) Judi Dalling, the CFO of the Company, provided consulting services to the Company (note 11).
- (d) Dr. Reinhard Gabathuler, a director of the Company, provided consulting services to the Company (note 11).
- (e) Jens Biertumpel, a director of the Company, provided consulting services to the Company.
- (f) Karoly Nikolich was paid US\$6,000 for his services as a director of the Company for the year ended November 30, 2015.

Included in accounts payable and accrued liabilities is \$2,795 (2015: \$12,500) of reimbursable expenses payable to directors of the Company.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

11. COMMITMENTS

Commitments over the next five fiscal years are as follows:

| | \$ |
|------|-----------|
| 2017 | 564,000 |
| 2018 | 341,000 |
| 2019 | 341,000 |
| 2020 | 341,000 |
| 2021 | 341,000 |
| | 1,928,000 |

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

- (a) Consulting agreement with Cydwelli 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 (note 10 d);
- (b) 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 10 c); and
- (c) Consulting agreement with 442668 BC Ltd. to provide consulting services to the Company for a fee of \$60,000 per year.

During the year ended November 30, 2015:

- (a) The Company entered into a consulting agreement with MolaQule LLC to provide consulting services for a fee of \$120,000 per year, commencing December 2, 2015. MolaQule LLC is owned by Patrick Gray, who became the Chief Scientific Officer of the Company during the year ended November 30, 2015 (note 10 b); and
- (b) The Company entered into three collaborative research agreements with UBC to pursue research work on its technologies, or collaborative research agreements ("CRAs"). The Company was required to make two \$50,000 payments, for a total of \$100,000, to UBC on January 1, 2016 (paid) (note 13). During the year ended November 30, 2016, the Company and UBC amended one of the CRAs to include an additional \$50,000 payment due January 22, 2016 (paid).

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

11. COMMITMENTS (Continued)

During the year ended November 30, 2016, the Company and UBC amended the CRAs to continue to pursue research work on the Company's technologies. Under the terms of the new agreements, the Company is required to pay an additional \$223,000 as follows:

| Date | Amount |
|------------------|---------------|
| | \$ |
| December 1, 2016 | 91,000 * |
| March 1, 2017 | 66,000 |
| June 1, 2017 | 66,000 |
| | 223,000 |

* paid subsequent to November 30, 2016

12. FINANCIAL INSTRUMENTS

(a) Fair value

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

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

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

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

As at November 30, 2016 and 2015, the Company's financial instruments are comprised of cash and cash equivalents and accounts payable and accrued liabilities. With the exception of cash and cash equivalents, 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. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

bioMmune Technologies Inc.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2016 and 2015
(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS (Continued)

(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 funds to meet its liabilities when due.

At November 30, 2016, the Company had cash and cash equivalents of \$1,028,055 (2015: \$998,158) available to apply against short-term business requirements and current liabilities of \$113,055 (2015: \$131,146). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of November 30, 2016.

(d) Currency risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools.

As at November 30, 2016 and 2015, the Company's net exposure to foreign currency risk is as follows:

| US dollars | 2016 | 2015 |
|---------------------------------------|----------|----------|
| | \$ | \$ |
| Cash | (1,396) | 1,434 |
| Accounts payable | (36,223) | (21,465) |
| Net exposure to foreign currency risk | (37,619) | (20,031) |
| Canadian dollar equivalent | (50,221) | (26,747) |

Based on the above net foreign currency exposure, and assuming all other variables remain constant, a 7% weakening or strengthening of the Canadian dollar against the US dollar would not have a material effect on the Company's net loss and comprehensive loss.

(e) Other price risk

Other price risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

13. RESEARCH AND DEVELOPMENT

During the year ended November 30, 2016, the Company incurred \$458,732 (2015: \$277,962) in research and development expenditures.

During the year ended November 30, 2015, the Company entered into three CRAs with UBC to pursue research work on its technologies (note 11). Total payments made to UBC for the year ended November 30, 2016 is \$241,000 (2015: \$150,000) and included in prepaid expenses is \$34,292 (2015: \$89,998), representing the unused portion of funds paid.

14. SEGMENTED INFORMATION

The Company has one operating segment, biotechnology research and development, and all assets of the Company are located in Canada.

15. EVENT SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to November 30, 2016, 1,883,000 warrants were exercised for gross proceeds of \$564,900.