

**PASCAL BIOSCIENCES INC.**

**Condensed Consolidated Interim Financial Statements  
For the Three and Six Months Ended May 31, 2018 and 2017**

**(Expressed in Canadian Dollars)  
Unaudited – Prepared by management**

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Company discloses that its independent auditors have not reviewed the condensed consolidated interim financial statements for the six months ended May 31, 2018 and 2017.

Pascal Biosciences Inc.  
Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian Dollars - Unaudited)

		May 31, 2018	November 30, 2017
	<i>Notes</i>		
<b>ASSETS</b>		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Cash and cash equivalents	4	4,789,305	114,698
Prepaid expenses	12	14,311	72,303
Receivables		8,022	17,235
<b>Total current assets</b>		<b>4,808,638</b>	<b>204,236</b>
<b>Non-current assets</b>			
Equipment	6	49,951	56,004
Intangible assets	5	741,753	784,653
<b>Total non-current assets</b>		<b>791,704</b>	<b>840,657</b>
<b>Total assets</b>		<b>5,600,342</b>	<b>1,044,893</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	92,885	85,249
<b>Total liabilities</b>		<b>92,885</b>	<b>85,249</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Equity attributable to shareholders</b>			
Share capital	7	11,497,961	6,378,406
Reserves	7	1,019,990	712,141
Deficit		(7,010,904)	(6,130,903)
<b>Total shareholders' equity</b>		<b>5,507,457</b>	<b>959,644</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,600,342</b>	<b>1,044,893</b>

Approved on behalf of the Board:

*/s/Terry Pearson*

Director

*/s/Patrick Gray*

Director

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

**Pascal Biosciences Inc.**  
**Condensed Consolidated Interim Statements of Operation and**  
**Comprehensive Loss**  
**(Unaudited - prepared by management)**  
**(Expressed in Canadian Dollars)**

	Notes	Six Months Ended		Three Months Ended	
		May 31,		May 31,	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>General and administrative expenses</b>					
Accounting and audit fees		17,580	320	2,580	320
Administrative and general office		30,677	16,324	16,995	6,426
Amortization	5,6	48,956	43,481	24,511	21,618
Bank charges and interest		2,759	1,101	1,414	571
Consulting fees	9	110,500	188,390	52,250	89,140
Salaries and benefits		345,660	53,868	173,159	53,868
Foreign exchange loss		10,417	6,460	14,423	7,670
Insurance		6,083	5,335	3,028	2,787
Investor relations and marketing		10,813	212	10,813	212
Legal fees		85,424	47,646	46,316	15,837
Research and development	12	107,933	232,246	65,529	146,651
Share-based payments	7,9	70,660	110,673	47,613	35,957
Transfer agent, listing and filing fees		9,998	10,836	6,814	6,098
Travel and entertainment		29,946	18,952	13,907	7,767
		(887,406)	(735,844)	(479,532)	(394,922)
Interest income		7,815	1,585	7,815	829
<b>Net Loss</b>		(879,591)	(734,259)	(471,537)	(394,093)
Foreign currency translation		-	(15,838)	-	(15,838)
<b>Net loss and comprehensive loss for the period</b>		(879,591)	(750,097)	(471,537)	(409,931)
Loss per share, basic and diluted		(0.02)	(0.02)	(0.01)	(0.01)
Weighted average common shares outstanding - basic and diluted		43,629,419	37,315,768	44,080,990	37,398,085

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

**Pascal Biosciences Inc.**  
**Condensed Consolidated Interim Statements of Shareholders' Equity**  
**(Expressed in Canadian Dollars - Unaudited)**

	Common Shares		Reserve	Foreign	Deficit	Total
	Number of	Amount		Currency		
	Shares	\$	\$	Translation	\$	Equity
		\$	\$	Reserve	\$	\$
Balance, November 30, 2016	35,515,085	5,813,506	511,481	-	(4,473,888)	1,851,099
Exercise of warrants	1,883,000	564,900	-	-	-	564,900
Share-based payments	-	-	110,673	-	-	110,673
Net loss for the period	-	-	-	-	(750,097)	(750,097)
Other comprehensive loss for the period	-	-	-	(15,838)	-	(15,838)
Balance, May 31, 2017	37,398,085	6,378,406	622,154	(15,838)	(5,223,985)	1,776,575
Net loss for the period	-	-	89,987	15,383	(906,918)	(801,548)
Balance, November 30, 2017	37,398,085	6,378,406	712,141	-	(6,130,903)	959,644
Exercise of stock options	200,000	46,000	-	-	-	46,000
Fair value transfer on exercise of stock options	-	40,160	(40,160)	-	-	-
Issuance of shares	13,262,594	5,274,030	-	-	-	5,274,030
Share issuance costs	-	(427,973)	-	-	-	(427,973)
Exercise of warrants	1,161,717	464,687	-	-	-	464,687
Fair value of warrants issued	-	(277,349)	277,349	-	-	-
Share-based payments	-	-	70,660	-	-	70,660
Net loss for the period	-	-	-	-	(879,591)	(879,591)
Balance, May 31, 2018	52,022,396	11,497,961	1,019,990	-	(7,010,494)	5,507,457

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

**Pascal Biosciences Inc.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**(Expressed in Canadian Dollars - Unaudited)**

<b>For the six months ended:</b>	<b>May 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash provided by (used in):		
<b>Operating activities:</b>		
Net loss for the period:	(879,591)	(734,259)
Items not involving cash:		
Amortization	48,956	43,481
Share-based payments	70,660	110,673
Changes in non-cash working capital:		
Prepaid expenses	57,991	(11,168)
Receivables	9,212	9,194
Accounts payable and accrued liabilities	7,635	(11,900)
	<b>(685,1367)</b>	<b>(593,979)</b>
<b>Investing activities:</b>		
Purchase of lab equipment	-	(34,668)
	-	(34,668)
<b>Financing activities:</b>		
Shares issued for cash	5,784,847	564,900
Share issuance costs	(427,973)	
	5,356,874	564,900
Net change in cash and cash equivalents	4,671,607	(63,748)
Effect of exchange rate changes	-	(15,838)
Cash and cash equivalents, beginning of period	114,698	1,028,055
<b>Cash and cash equivalents, end of period</b>	<b>4,786,305</b>	<b>948,469</b>

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

**Pascal Biosciences Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Six Months Ended May 31, 2018 and May 31, 2017**  
**(Expressed in Canadian Dollars – Unaudited)**

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**1. Nature of operations**

Pascal Biosciences Inc. (the “Company”) was incorporated on January 28, 2011 pursuant to the *Business Corporations Act* (British Columbia). 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. On March 27, 2017, the Company incorporated a wholly owned subsidiary in Seattle, Washington, named Pascal Biosciences US, Inc. (“Pascal (US)”). The Company is a Tier 2 Biotechnology 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 “PAS”.

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 condensed consolidated interim 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 May 31, 2018, the Company has an accumulated deficit of \$7,010,494 (November 30, 2017: \$6,130,903) and working capital of \$4,715,753 (November 30, 2017: working capital of \$118,987).

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 30, 2018.

**2. Statement of compliance, basis of preparation**

a) 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”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual consolidated financial statements as at and for the year ended November 30, 2017.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended November 30, 2017.

**Pascal Biosciences Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**2. Statement of compliance, basis of preparation (Continued)**

b) Basis of preparation

These condensed consolidated interim financial statements of the Company have been prepared on the accruals basis except for cash flow information and are based on historical costs, except for certain financial instruments. The condensed consolidated interim 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 consolidated financial statements as at and for the year ended November 30, 2017. Accordingly, these condensed consolidated interim financial statements for the six months ended May 31, 2018 should be read together with the annual consolidated financial statements as at, and for the year ended November 30, 2017.

**4. Cash and cash equivalents**

As at May 31, 2018, the Company had a cashable Redeemable Short Term Investment Certificate of \$4,500,000 (November 30, 2017: \$28,000) readily convertible into cash, maturing April 11, 2019 with an annual interest rate of 1.30%. As at May 31, 2018, the Company accrued \$7,812 interest, which is included in cash and cash equivalents.

**5. Intangible assets**

<b>Cost</b>	<b>\$</b>
Balance, November 30, 2016	1,172,516
Additions	-
Balance, November 30, 2017 and May 31, 2018	1,172,516
<b>Accumulated Amortization</b>	<b>\$</b>
Balance, November 30, 2016	302,063
Charge for the year	85,800
Balance, November 30, 2017	387,863
Charge for the period	42,900
Balance, May 31, 2018	430,763
<b>Carrying Value</b>	<b>\$</b>
Balance, November 30, 2017	784,653
Balance, May 31, 2018	741,753

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



**Pascal Biosciences Inc.**  
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protein projects of research. On May 24, 2013, the Company acquired BAT and the difference between the purchase

**5. Intangible assets (Continued)**

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 have finite live and 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.

**6. Equipment**

	<b>Lab Equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, November 30, 2016	-	6,561	6,561
Additions for the year	60,282	-	60,282
<b>Balance November 30, 2017 and May 31, 2018</b>	<b>60,282</b>	<b>6,561</b>	<b>66,843</b>
<hr/>			
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Accumulated Amortization</b>			
Balance, November 30, 2016	-	3,561	3,561
Charge for the year	5,628	1,650	7,278
<b>Balance, November 30, 2017</b>	<b>5,628</b>	<b>5,211</b>	<b>10,839</b>
Charge for the period	5,682	371	6,053
<b>Balance, May 31, 2018</b>	<b>11,310</b>	<b>5,582</b>	<b>16,892</b>
<hr/>			
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Carrying Value</b>			
Balance, November 30, 2017	54,654	1,350	56,004
<b>Balance, May 31, 2018</b>	<b>48,972</b>	<b>979</b>	<b>49,951</b>

**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 six months ended May 31, 2018, the Company:

- Issued 200,000 common shares at a price of \$0.23 per share in relation to the exercise of stock options, for gross proceeds of \$46,000. The Company reduced option reserves and increased share capital \$40,160 to recognize the fair value of the options previously expenses.

**Pascal Biosciences Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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- Closed two private placements. The first private placement closed for proceeds of \$124,030 through issuance of 387,594 units at a price of \$0.32 per unit. Each unit consists of one common share and

**7. Share capital (Continued)**

(b) Common shares (Continued)

one share purchase warrant. Each warrant is exercisable at \$0.40 per share for a period of 24 months. No finder's fees were paid in relation to this financing. The second private placement closed for proceeds of \$5,150,000 through issuance of 12,875,000 units at a price of \$0.40 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at \$0.60 per share for a period of 12 months. The Company paid \$387,280 in finder's fees in cash and issued 986,600 finders warrants. Each finders warrant entitles the holder to purchase one common share of the Company at a price of \$0.60 per share for a period of 12 months. The fair value of the warrants granted was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.81%, expected dividend rate of 0%; expected volatility of 102%; and forfeiture rate of 0%. The fair value of the warrants was calculated at \$227,349.

- Issued 1,161,717 shares at a price of \$0.40 per share in relation to the exercise of warrants, for gross proceeds of \$464,687.

During the year ended November 30, 2017, the Company:

- Issued 1,883,000 common shares at a price of \$0.30 per share in relation to the exercise of 1,883,000 warrants, for gross proceeds of \$564,900.

(c) 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 exercisable for five years from the date of grant.

A summary of the Company's outstanding stock options and changes as at May 31, 2018 is as follows:

	<b>Quantity</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding, November 30, 2016	2,687,000	0.36
Granted	640,000	0.33
Outstanding, November 30, 2017	3,327,000	0.36
Granted	250,000	0.29
Exercised	(200,000)	0.23
Outstanding, May 31, 2018	3,377,000	0.34
Exercisable as at May 31, 2018	3,157,000	0.35

On February 22, 2018, 200,000 stock options were exercised at a price of \$0.23 per share for gross proceeds of \$46,000.

**Pascal Biosciences Inc.**  
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On January 29, 2018, the Company granted 250,000 stock options to directors of the Company. The option shares are exercisable at a price of \$0.29 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

**7. Share capital (Continued)**

(d) Stock options (Continued)

was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 2.00%, expected dividend rate of 0%; expected volatility of 73%; and forfeiture rate of 0%. The fair value of the options was calculated at \$43,938. The share-based payment expense recognized during the six months ended May 31, 2018 was \$26,852.

On June 26, 2017, the Company granted an aggregate of 640,000 incentive stock options to directors, officers, consultants and employees of the Company. The option shares are exercisable at a price of \$0.33 per share for a period of five years and will vest quarterly over between 12 and 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 0.69%; expected dividend rate of 0%; expected volatility of 72%; and forfeiture rate of 0%. The fair value of the options was calculated at \$123,263. The share-based payment expense recognized during six months ended May 31, 2018 was \$43,808.

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 condensed consolidated interim 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 the company over the estimated lives of the stock options.

The options outstanding at May 31, 2018 are as follows:

<b>Number Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Contractual Life (Years)</b>
375,000	0.23	0.20
150,000	0.20	0.25
750,000	0.31	2.18
820,000	0.36	2.84
392,000	0.72	2.84
640,000	0.33	4.07
250,000	0.29	4.66
<b>3,377,000</b>	<b>0.34</b>	<b>2.64</b>

Pascal Biosciences Inc.  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**7. Share capital (Continued)**

(d) Stock options (Continued)

The options outstanding at May 31, 2017 are as follows:

	Quantity	Weighted Average Exercise Price (\$)
Outstanding, November 30, 2015	2,600,000	0.21
Granted	1,212,000	0.48
Exercised	(725,000)	0.22
Expired	(400,000)	0.24
Outstanding, November 30, 2016 and May 31, 2017	2,687,000	0.32

(d) Share purchase warrants

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

**8.**

**Capital risk management**

	Quantity	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
The Company's objectives when managing capital are to safeguard the			
Balance, November 30, 2016	3,883,332	0.32	0.52
Exercised	(1,883,000)	0.30	0.02
Expired	(667,000)	0.30	0.01
Balance, November 30, 2017	1,333,332	0.40	0.46
Exercised	(1,161,718)	0.40	0.02
Expired	(171,614)	0.40	0.02
Issued	387,594	0.40	1.99
Issued	12,875,000	0.60	0.97
Issued	986,600	0.60	0.97
Balance, May 31, 2018	14,249,194	0.59	0.97

Company's ability to continue as a going concern in order to pursue the development of any identified business opportunities and to maintain a flexible capital structure for the benefit of its stakeholders. The Company includes equity, comprised of issued share capital, reserves and deficit in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the

**Pascal Biosciences Inc.**  
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Company may attempt to issue new shares, enter into joint venture arrangements, acquire or dispose of assets, or adjust the amount of cash.

**8. Capital risk management (Continued)**

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 six months ended May 31, 2018.

**9. Related party transactions**

The following directors and/or senior officers transacted with the Company in the reporting period. The following is a summary of related party transactions that occurred during the six months ended May 31, 2018 and May 31, 2017:

Key management compensation:

<b>Services provided by:</b>		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
Dr. Patrick Gray	a)	60,000	60,000
Judi Dalling	b)	32,500	32,500
Jens Biertumpel	c)	30,000	6,500
Dr. Reinhard Gabathuler (Cydwelli Consultants Inc.)	d)	-	44,000
Share-based payments		39,272	110,673
		<b>161,772</b>	<b>253,673</b>

- a) Dr. Patrick Gray, President and CEO of the Company, provided services to the Company (note 10).
- b) Judi Dalling, the CFO of the Company, provided consulting services to the Company (note 10).
- c) Jens Biertumpel, a director of the Company, provided consulting services to the Company.
- d) Dr. Reinhard Gabathuler, a director of the Company, provided consulting services to the Company.

Other related party transactions include:

\$20,749 (2017: \$26,433) is included in accounts payable and accrued liabilities for disbursements payable to officers and directors of the Company.

**10. Commitments**

Commitments over the next five years are as follows:

	<b>\$</b>
2018	325,625
2019	651,250
2010	651,250
2021	651,250
2022	127,550

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3,256,500

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**10. Commitments (Continued)**

The Company has entered into consulting and employment agreements as follows:

- (a) Employment agreement with Dr. Patrick Gray, President and CEO of the Company to provide consulting services to the Company for a fee of \$120,000 per year. (See also Note 9a);
- (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 (See also Note 9c);
- (c) Consulting agreement with 442668 BC Ltd. to provide consulting services to the Company for a fee of \$60,000 per year;
- (d) Employment agreements with three scientists working in Seattle for Pascal Biosciences (US), Inc. totaling in aggregate \$375,000 per year; and
- (e) Consulting agreement with an administrative employee working in Seattle for Pascal Biosciences (US), Inc. for \$31,250 per year.

**11. Financial instruments**

- (a) Fair value

Financial instruments recognized at fair value on the condensed consolidated interim 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 May 31, 2018 and 2017, 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.

**Pascal Biosciences Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**11. 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 liquidity to meet its liabilities when due.

At May 31, 2018, the Company had cash and cash equivalents of \$4,786,305 (November 30, 2017: \$114,698) available to apply against short-term business requirements and current liabilities of \$92,885 (November 30, 2017: \$85,249). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of May 31, 2018.

(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 May 31, 2018 and November 30, 2017, the Company's net exposure to foreign currency risk is as follows:

US dollars	2018	2017
	\$	\$
Cash	106,141	35,460
Accounts payable	(41,986)	(44,863)
Net exposure to foreign currency risk	64,155	(9,403)
Canadian dollar equivalent	76,227	(12,111)

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.

**12. Research and development**

During the six months ended May 31, 2018, the Company incurred \$107,933 (2017: \$232,246) in research and development expenditures.

During the year ended November 30, 2015, the Company entered into three agreements with UBC to pursue research on its technologies. Total payments made to UBC for the six months ended May 31, 2018 is \$nil (2017: \$157,000). As at May 31, 2018, \$14,311 is included in prepaid expenses (2017: \$44,990), representing the unused portion of funds paid.

**Pascal Biosciences Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Six Months Ended May 31, 2018 and May 31, 2017**  
**(Expressed in Canadian Dollars – Unaudited)**

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**13. Segmented information**

The Company has one operating segment, biotechnology research and development with lab equipment totaling \$48,972 located in the United States of America and equipment of \$979 located in Canada, all net of accumulated depreciation.

**14. Events subsequent to the period**

- a) In June 2018, 375,000 stock options were exercised at a price of \$0.23 per share for gross proceeds of \$86,250.