

This prospectus is a short form base shelf prospectus. This short form base shelf prospectus has been filed under legislation in the provinces of British Columbia, Alberta and Ontario that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery has been obtained.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. These securities may not be offered or sold in the United States and this short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer and Corporate Secretary of Pascal Biosciences Inc. at 1780-400 Burrard Street, Vancouver, British Columbia V6C 3A6, Telephone (604) 880-7250, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

October 29, 2018



PASCAL BIOSCIENCES INC.

\$30,000,000

**Common Shares
Warrants
Subscription Receipts
Units
Debt Securities**

This short form base shelf prospectus (the "**Prospectus**") relates to the offering for sale by Pascal Biosciences Inc. (the "**Company**") from time to time, during the 25-month period that this Prospectus, including any amendments hereto, remains valid, of up to \$30,000,000 (or the equivalent in other currencies based on the applicable exchange rate at the time of the offering) in the aggregate of: (i) common shares ("**Common Shares**") in the authorized share structure of the Company; (ii) warrants ("**Warrants**") of the Company to purchase other Securities (as defined below); (iii) subscription receipts ("**Subscription Receipts**") of the Company convertible into other Securities; (iv) units ("**Units**") of the Company comprised of one or more of any of the other Securities, or any combination of such Securities; and (v) debt securities (the "**Debt Securities**") of the Company (the Common Shares, Warrants, Subscription Receipts, Units and Debt Securities are collectively referred to herein as the "**Securities**"). The Securities may be offered in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement (each, a "**Prospectus Supplement**"). In addition, the Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or one of its subsidiaries. The consideration for any such acquisition may consist of Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities.

The specific terms of any Securities offered will be described in the applicable Prospectus Supplement including, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price,

whether the Common Shares are being offered for cash and any other terms specific to the Common Shares; (ii) in the case of Warrants, the number of Warrants being offered, the offering price, whether the Warrants are being offered for cash, the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise, and any other terms specific to the Warrants being offered; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, whether the Subscription Receipts are being offered for cash, the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities, the designation, number and terms of such other Securities, and any other terms specific to the Subscription Receipts; (iv) in the case of Units, the number of Units being offered, the offering price, the number and terms of the Securities comprising the Units, and any other term specific to the Units; and (v) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other terms specific to the Debt Securities being offered, and any other terms specific to the Debt Securities. A Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus. Where required by statute, regulation or policy, and where the Securities are offered, in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the Securities will be included in the Prospectus Supplement describing the Securities.

All shelf information (as defined under applicable securities legislation) permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus except in cases where an exemption from such delivery has been obtained. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The Company may offer and sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell directly to one or more purchasers or through agents or pursuant to applicable statutory exemptions. See "*Plan of Distribution*". The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company in connection with the offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that the Company will, or expects to receive and any other material terms of the plan of distribution.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified Security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with any offering of Securities, other than an "at-the-market distribution" (as defined under applicable securities legislation), unless otherwise specified in a Prospectus Supplement, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. A purchaser who acquires Securities forming part of the underwriters', dealers' or agents' over-allocation position acquires those Securities under this Prospectus and the Prospectus Supplement relating to the particular offering of Securities, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases. See "*Plan of Distribution*". No underwriter or dealer involved in an "at-the-market distribution" under this Prospectus, no

affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer will over-allot Securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Securities.

The issued and outstanding Common Shares of the Company trade on the TSX Venture Exchange (the "**Exchange**") under the symbol "PAS". On October 26, 2018, the last trading day completed prior to the date of this Prospectus, the closing price of the Common Shares on the Exchange was \$0.48.

Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Common Shares) will not be listed on any securities exchange. Accordingly, there is currently no market through which the Securities (other than Common Shares) may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation relating to such Securities. See "*Risk Factors*".

Prospective investors should be aware that the purchase of Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, in the applicable Prospectus Supplement and in any event consult with a tax adviser.

An investment in the Securities is subject to a number of risks. See "*Risk Factors*" for a more complete discussion of these risks.

No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents hereof.

The Company is not making an offer of the Securities in any jurisdiction where such offer is not permitted.

The Company's head office address is 1780 - 400 Burrard Street, Vancouver, British Columbia V6C 3A6 and its registered office is located at 1780 - 400 Burrard Street, Vancouver, British Columbia V6C 3A6.

Jens Biertumpel, Patrick Gray, Karoly Nikolich, Graeme Bell, Thomas Gadek and Julie Eastland, each of whom is a director of the Company, reside outside of Canada and have appointed Bennett Jones LLP at 2600 - 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1 as their agent for service of process in Canada. Prospective investors are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

No person is authorized by the Company to provide any information or to make any representation other than as contained in this Prospectus in connection with the issue and sale of the Securities offered hereunder. Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus and any applicable Prospectus Supplement in connection with an investment in Securities. Prospective investors should assume that the information appearing in this Prospectus or any Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document unless specified otherwise. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in this Prospectus or any applicable Prospectus Supplement and the documents incorporated by reference herein or therein were obtained from market research, publicly available information and industry publications. The Company believes that these sources are generally reliable, but the accuracy and completeness of the information is not guaranteed. The Company has not independently verified this information and does not make any representation as to the accuracy of this information.

TABLE OF CONTENTS

| | |
|--|-----------|
| CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION | 5 |
| DOCUMENTS INCORPORATED BY REFERENCE | 5 |
| SUMMARY OF THE BUSINESS | 7 |
| USE OF PROCEEDS | 8 |
| EARNINGS COVERAGE RATIO | 8 |
| CONSOLIDATED CAPITALIZATION OF THE COMPANY | 8 |
| PLAN OF DISTRIBUTION | 9 |
| DESCRIPTION OF SECURITIES | 10 |
| DESCRIPTION OF COMMON SHARES | 10 |
| DESCRIPTION OF WARRANTS | 10 |
| DESCRIPTION OF SUBSCRIPTION RECEIPTS | 11 |
| DESCRIPTION OF UNITS | 12 |
| DESCRIPTION OF DEBT SECURITIES | 13 |
| PRIOR SALES | 14 |
| COMMON SHARES | 14 |
| WARRANTS | 14 |
| OPTIONS | 14 |
| TRADING PRICE AND VOLUME | 15 |
| CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS | 15 |
| RISK FACTORS | 15 |
| NO ASSURANCE OF ACTIVE OR LIQUID MARKET | 15 |
| PUBLIC MARKETS AND SHARE PRICES | 16 |
| ADDITIONAL ISSUANCES AND DILUTION | 16 |
| CHANGES IN INTEREST RATES | 16 |
| FLUCTUATIONS IN FOREIGN CURRENCY MARKETS | 16 |
| BROAD DISCRETION IN USE OF NET PROCEEDS | 16 |
| LEGAL MATTERS | 17 |
| AUDITOR, TRANSFER AGENT AND REGISTRAR | 17 |
| PURCHASER'S STATUTORY AND CONTRACTUAL RIGHTS | 17 |
| CERTIFICATE OF PASCAL BIOSCIENCES INC. | 18 |

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Prospectus and the documents incorporated by reference herein constitute forward-looking information or forward-looking statements under applicable securities legislation (collectively, "**forward-looking statements**"). These statements relate to future events or future performance, business prospects or opportunities of the Company. All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "forecast", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements".

Examples of forward-looking statements in this Prospectus and the documents incorporate by reference include, but are not limited to, statements in respect of: research the Company is conducting in collaboration with its research partners; findings of such research; implementation of technology; granting of patents; protection of intellectual property; payment of dividends; future business opportunities; and the effect that each risk factor will have on the Company.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Prospective investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties relating to, among others: developments in the research and technology industry; successful implementation of the Company's research findings; and changes in the Company's over-all business strategy. Additional factors that could cause actual results to differ materially include, but are not limited to, the risk factors described herein and as discussed in the Company's financial statements and other filings, under the heading "Risk Factors" in the Annual Information Form (as defined herein) and under the section "*Risks and Uncertainties*" in the Interim MD&A (as defined herein).

The Company believes that the expectations reflected in any forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Prospectus should not be unduly relied upon. These statements speak only as of the date of this Prospectus. Forward-looking statements made in a document incorporated by reference into this Prospectus are made as of the date of such document and have not been updated except as expressly provided in this Prospectus. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. Actual results may differ materially from those expressed or implied by such forward-looking statements.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in provinces of British Columbia, Alberta and Ontario (the "Qualifying Provinces"). Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer and Corporate Secretary of Pascal Biosciences Inc. at 1780-400 Burrard Street, Vancouver, British Columbia V6C 3A6, Telephone (604) 880-7250 or by accessing the disclosure documents available through the Internet on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com.

As at the date hereof, the following documents of the Company, filed with the securities commissions or similar authorities in each of the Qualifying Provinces are specifically incorporated by reference into and form an integral part of this Prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in the Prospectus, as further described below:

- (a) the annual information form of the Company dated September 12, 2018 for the year ended November 30, 2017 (the "**Annual Information Form**");
- (b) the audited consolidated annual financial statements of the Company for the years ended November 30, 2017 and 2016, together with the notes thereto and the independent auditor's report thereon;
- (c) the management's discussion and analysis of the Company for the year ended November 30, 2017;
- (d) the unaudited condensed consolidated interim financial statements of the Company for the six months ended May 31, 2018, together with the notes thereto (the "**Interim Financial Statements**");
- (e) the management's discussion and analysis of the Company for the six months ended May 31, 2018 (the "**Interim MD&A**");
- (f) the management information circular of the Company dated February 9, 2018 regarding the annual general meeting of shareholders of the Company held on March 12, 2018;
- (g) the material change report of the Company dated December 15, 2017 in respect of the appointment of Dr. Graeme I. Bell to the Company's Board of Directors;
- (h) the material change report of the Company dated January 14, 2018 in respect of a non-brokered private placement of up to 406,250 units of the Company at a price of \$0.32 per unit with each unit consisting of one common share and one common share purchase warrant;
- (i) the material change report of the Company dated March 5, 2018 in respect of a non-brokered private placement of up to 12,500,000 units of the Company at a price of \$0.40 per unit with each unit consisting of one common share and one common share purchase warrant (the "**March Private Placement**");
- (j) the material change report of the Company dated March 16, 2018 in respect of the over-subscription of the March Private Placement for a total of 12,925,000 units and the closing of the Private Placement for gross proceeds of \$5,170,000; and
- (k) the material change report of the Company dated July 24, 2018 in respect of the appointment of Julie M. Eastland to the Company's board of directors.

Any document of the type referred to in the preceding paragraph (excluding confidential material change reports), and all other documents of the type required to be incorporated by reference in a short form prospectus by National Instrument 44-101 - *Short Form Prospectus Distributions* of the Canadian Securities Administrators, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of any offering of Securities hereunder will be deemed to be incorporated by reference into this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus will be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be considered in its unmodified or superseded form to constitute part of this Prospectus; rather only such statement as so modified or superseded will be considered to constitute part of this Prospectus.

Upon a new annual information form and related annual audited consolidated financial statements and management's discussion and analysis being filed by the Company with, and where required, accepted by, the applicable securities regulatory authorities during the term of this Prospectus: (i) the previous annual information form, the previous annual audited consolidated financial statements and related management's discussion and analysis; (ii) all unaudited interim consolidated financial statements and related management's discussion and analysis, all material change reports and all business acquisition reports filed by the Company prior to the commencement of the Company's financial year in respect of which the new annual information form is filed; and (iii) any business acquisition report for acquisitions completed since the beginning of the financial year in respect of which the new annual information form is filed (unless such report is incorporated by reference into the current annual information form or less than nine months of the acquired business or related businesses operations are incorporated into the Company's current annual audited consolidated financial statements) will be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

Upon new unaudited interim consolidated financial statements and related management's discussion and analysis being filed by the Company with the applicable securities regulatory authorities during the term of this Prospectus, all unaudited interim consolidated financial statements and related management's discussion and analysis filed prior to the new unaudited interim consolidated financial statements will be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

Upon a new information circular relating to an annual meeting of shareholders being filed by the Company with applicable securities regulatory authorities subsequent to the date of this Prospectus and prior to the date on which this Prospectus ceases to be effective, the information circular for the preceding annual meeting of shareholders and any other information circular filed by the Company prior to the commencement of the Company's financial year in respect of which the new annual information form is filed will be deemed no longer to be incorporated by reference into this Prospectus for purposes of offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms of any Securities offered thereunder will be delivered to purchasers of such Securities together with this Prospectus to the extent required under applicable securities legislation except in cases where an exemption from such delivery has been obtained and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement solely for the purposes of the Securities offered thereunder.

In addition, certain marketing materials (as that term is defined in applicable securities legislation) may be used in connection with a distribution of Securities under this Prospectus and the applicable Prospectus Supplement(s). Any "template version" of "marketing materials" (as those terms are defined in applicable securities legislation) pertaining to a distribution of Securities, and filed by the Company after the date of the Prospectus Supplement for the distribution and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in that Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

The Company has not provided or otherwise authorized any other person to provide investors with information other than as contained or incorporated by reference in this Prospectus or any Prospectus Supplement. If an investor is provided with different or inconsistent information, the investor should not rely on it.

SUMMARY OF THE BUSINESS

The Company is a drug discovery and development company focused on harnessing the body's immune system to fight cancer. The Company focus is on its three significant assets which are:

- (a) **Novel Natural Compounds.** Novel natural compounds are able to increase antigen expression on the surface of tumour cells, making them more visible to the immune system. These molecules enable the immune system to attack and eliminate cancers.

The Company is engaged in cannabinoid research and development. Cannabinoids have previously been used in the treatment of cancer symptoms, including nausea, appetite enhancement, and pain management. However, the Company is the first to identify a mechanism by which cannabinoids may provide a direct

benefit in immunotherapy. This discovery may enhance the performance of other cancer therapeutics such as checkpoint inhibitors, which activate the immune system to destroy cancer cells. In order to undertake this work, both the Pascal Biosciences US, Inc. development lab in Seattle and Dr. Wilfred Jefferies' lab at the University of British Columbia ("UBC") were required to be licensed by the appropriate government agencies. The Company has been awarded the Schedule I Researcher license by the U.S. DEA, and Dr. Wilfred Jefferies' lab has received approval from Health Canada for an exemption under Section 56 of the *Controlled Drugs and Substances Act*. This approval allows the lab to utilize controlled substances for research and development purposes and to test cannabinoid compounds in cell-based studies and in animal models of human diseases.

- (b) **Monoclonal Antibody Regulation of Selected Calcium Channel Activity.** Through research with UBC, the Company has derived monoclonal antibodies that exploit the regulation of specific calcium channels expressed by cells of the immune system. By regulating these calcium channels, immune activity can be controlled to combat cancers, infections and autoimmune diseases.
- (c) **Therapeutic Monoclonal Antibody for B-Cell Precursor Acute Lymphoblastic Leukaemia (BCP-ALL).** In collaboration with the University of New Mexico, the Company is developing a therapeutic monoclonal antibody for B-cell precursor acute lymphoblastic leukemia, the most common childhood leukemia.

USE OF PROCEEDS

The use of proceeds from the sale of Securities will be described in the applicable Prospectus Supplement relating to a specific offering and sale of Securities. Among other potential uses, the Company may use the net proceeds from the sale of Securities for general corporate purposes, including funding ongoing operations and/or working capital requirements, to repay indebtedness outstanding from time to time, capital projects and potential future acquisitions.

Management of the Company will retain broad discretion in allocating the net proceeds of any offering of Securities under this Prospectus and the Company's actual use of the net proceeds will vary depending on the availability and suitability of investment and development opportunities and its operating and capital needs from time to time. All expenses relating to an offering of Securities and any compensation paid to underwriting dealers or agents as the case may be, will be paid out of the proceeds from the sale of Securities, unless otherwise stated in the applicable Prospectus Supplement.

The Company may, from time to time, issue securities (including Securities) other than pursuant to this Prospectus.

EARNINGS COVERAGE RATIO

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement with respect to the issuance of Debt Securities pursuant to this Prospectus.

CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following table sets forth the Company's cash, indebtedness and shareholders' equity as of May 31, 2018 on an actual basis. This table should be read in conjunction with the Company's Interim Financial Statements and Interim MD&A.

| <u>Description of Capital</u> | <u>As at May 31, 2018</u> |
|--|---------------------------|
| Cash..... | \$4,789,305 |
| Indebtedness | \$92,885 |
| Number Common shares outstanding | 52,022,396 |
| Number of Warrants outstanding | 14,249,194 |
| Shareholders' Equity | |

| Description of Capital | As at May 31, 2018 |
|---|--------------------|
| Share Capital | \$11,497,961 |
| Reserves..... | \$1,019,990 |
| Accumulated other comprehensive loss..... | - |
| Accumulated Deficit | \$(7,010,904) |
| Total Shareholders' Equity..... | \$5,507,457 |

There has been no material changes in the share and loan capital of the Company on a consolidated basis, since May 31, 2018, the date of the Interim Financial Statements.

PLAN OF DISTRIBUTION

The Company may from time to time during the 25-month period that this Prospectus, including any amendments hereto, remains valid, offer for sale and issue up to an aggregate of \$30,000,000 in Securities hereunder.

The Company may offer and sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell directly to one or more purchasers or through agents or pursuant to applicable statutory exemptions. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company in connection with the offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price, the proceeds that the Company will receive and any other material terms of the plan of distribution. Any initial offering price and discounts, concessions or commissions allowed or reallocated or paid to dealers may be changed from time to time.

In addition, Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or one of its subsidiaries. The consideration for any such acquisition may consist of the Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities.

Securities may be sold from time to time in one or more transactions at a fixed price or prices or at prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing prices or at negotiated prices, including sales in transactions that are deemed to be "at-the-market distributions" as defined in National Instrument 44-102 - *Shelf Distributions*, including sales made directly on the Exchange or other existing trading markets for the Common Shares. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from the Company or from other parties, including in the form of underwriters', dealers' or agents' fees, commissions or concessions. Underwriters, dealers and agents that participate in the distribution of the Securities may be deemed to be underwriters for the purposes of applicable securities legislation and any such compensation received by them from the Company and any profit on the resale of the Securities by them may be deemed to be underwriting commissions.

In connection with any offering of Securities, except as otherwise set out in a Prospectus Supplement relating to a particular offering of Securities and other than in relation to an "at-the-market" distribution, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions intended to fix, stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Underwriters, dealers or agents who participate in the distribution of the Securities may be entitled, under agreements to be entered into with the Company, to indemnification by the Company against certain liabilities, including liabilities under applicable securities legislation, or to contribution with respect to payments which such underwriters, dealers

or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Common Shares) will be a new issue of Securities with no established trading market. Accordingly, there is currently no market through which the Securities (other than Common Shares) may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See "*Risk Factors*".

This Prospectus constitutes a public offering of these Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. Unless otherwise specified in the applicable Prospectus Supplement, the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws. Unless otherwise specified in the applicable Prospectus Supplement, the Securities may not be offered or sold in the U.S. or to, or for the account or benefit of, U.S. Persons (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act), unless the Securities are registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available. Each underwriter, dealer and agent who participates in the distribution will agree not to sell or offer to sell or to solicit any offer to buy any Securities within the United States or to, or for the account or benefit of, a U.S. person, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these Securities in the U.S.

DESCRIPTION OF SECURITIES

The following is a brief summary of certain general terms and provisions of the Securities as at the date of this Prospectus. The summary does not purport to be complete and is indicative only. The specific terms of any Securities to be offered under this Prospectus, and the extent to which the general terms described in this Prospectus apply to such Securities, will be set forth in the applicable Prospectus Supplement. Moreover, a Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus.

Description of Common Shares

The following is a brief summary of the material attributes of the Common Shares. This summary does not purport to be complete.

The holders of Common Shares are entitled to one vote per share at all meetings of shareholders of the Company. The Common Shares are entitled to dividends, if and when declared by the Company's board of directors, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

Description of Warrants

The following is a brief summary of certain general terms and provisions of the Warrants that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Warrants as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Warrants, and the extent to which the general terms and provisions described below may apply to such Warrants will be described in the applicable Prospectus Supplement.

Warrants may be offered separately or together with other Securities, as the case may be. Each series of Warrants may be issued under a separate warrant indenture or warrant agency agreement to be entered into between the Company and one or more banks or trust companies acting as warrant agent or may be issued as stand-alone contracts. The applicable Prospectus Supplement will include details of the warrant indenture or agreements, if any, governing the Warrants being offered. The warrant agent, if any, will be expected to act solely as the agent of the Company and will not assume a relationship of agency with any holders of warrant certificates or beneficial owners of Warrants. A copy

of any warrant indenture or any warrant agency agreement relating to an offering of Warrants will be filed by the Company with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Warrants being offered thereby, which may include, without limitation, the following (where applicable):

- the designation of the Warrants;
- the aggregate number of Warrants offered and the offering price;
- the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- the exercise price of the Warrants;
- the dates or periods during which the Warrants are exercisable including any "early termination" provisions;
- the designation, number and terms of any Securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another Security, the date on and after which the Warrants and the other Security will be separately transferable;
- whether such Warrants are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- certain material Canadian tax consequences of owning the Warrants; and
- any other material terms and conditions of the Warrants.

Description of Subscription Receipts

The following is a brief summary of certain general terms and provisions of the Subscription Receipts that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Subscription Receipts as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Subscription Receipts, and the extent to which the general terms and provisions described below may apply to such Subscription Receipts will be described in the applicable Prospectus Supplement.

Subscription Receipts may be offered separately or together with other Securities, as the case may be. The Subscription Receipts may be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement, if any, governing the Subscription Receipts being offered. The Company will file a copy of any subscription receipt agreement relating to an offering of Subscription Receipts with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Subscription Receipts being offered thereby, which may include, without limitation, the following (where applicable):

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities;
- the dates or periods during which the Subscription Receipts are convertible into other Securities;
- the designation, number and terms of the other Securities that may be exchanged upon conversion of each Subscription Receipt;
- the designation, number and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- whether such Subscription Receipts are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- certain material Canadian tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

Description of Units

The following is a brief summary of certain general terms and provisions of the Units that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Units as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Units, and the extent to which the general terms and provisions described below may apply to such Units will be described in the applicable Prospectus Supplement.

Units may be offered separately or together with other Securities, as the case may be.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Units being offered thereby, which may include, without limitation, the following (where applicable):

- the number of Units;
- the price at which the Units will be offered;
- the designation, number and terms of the Securities comprising the Units;
- whether the Units will be issued with any other Securities and, if so, the amount and terms of these Securities;
- the date on and after which the Securities comprising the Units will be separately transferable;
- whether the Securities comprising the Units will be listed on any securities exchange;
- whether such Units or the Securities comprising the Units are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;

- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Units;
- certain material Canadian tax consequences of owning the Units; and
- any other material terms and conditions of the Units.

Description of Debt Securities

The following is a brief summary of certain general terms and provisions of the Debt Securities that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Debt Securities as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Debt Securities, and the extent to which the general terms and provisions described below may apply to such Debt Securities will be described in the applicable Prospectus Supplement.

The Debt Securities may be offered separately or together with other Securities, as the case may be. The Debt Securities are expected to be governed by one or more indentures (each, an "**Indenture**"), in each case between the Company and a financial institution authorized to carry on business as a trustee. The Indenture is expected to be subject to and governed by the *Business Corporations Act* (British Columbia), subject to obtaining an exemption from the requirements thereof.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Debt Securities being offered thereby, which may include, without limitation, the following (where applicable):

- the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- the percentage of the principal amount or the price at which such Debt Securities will be issued or whether such Debt Securities will be issued on a non-fixed price basis;
- the date or dates on which such Debt Securities will mature;
- the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- the dates on which such interest will be payable and the record dates for such payments;
- the general terms or provisions pursuant to which the Debt Securities are to be issued;
- the name of the trustee under the Indenture pursuant to which the Debt Securities are to be issued (if applicable);
- any redemption, retraction or call terms or terms under which such Debt Securities may be defeased;
- whether such Debt Securities are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any exchange or conversion terms;
- the general terms or provisions, if any, pursuant to which such Debt Securities are to be guaranteed or secured;

- whether such Debt Securities will be subordinated to other liabilities of the Company;
- any material covenants included for the benefit of holders of Debt Securities;
- whether such Debt Securities will be issuable in the form of one or more registered global securities, and if so, the identity of the depository for such registered global Debt Securities; and
- any other material terms and conditions of the Debt Securities, including events of default and amendment provisions.

PRIOR SALES

Common Shares

The following table summarizes details of the Common Shares issued by the Company during the 12-month period prior to the date of this Prospectus:

| <u>Date of Issuance</u> | <u>Price Per Common Share</u> | <u>Number of Common Shares</u> |
|-------------------------|-------------------------------|--------------------------------|
| February 22, 2018 | \$0.23 | 200,000 |
| March 12, 2018 | \$0.40 | 12,875,000 |
| March 12, 2018 | \$0.32 | 387,594 |
| April 18, 2018 | \$0.40 | 999,999 |
| May 18, 2018 | \$0.40 | 161,718 |
| June 18, 2018 | \$0.23 | 375,000 |
| September 21, 2018 | \$0.20 | 150,000 |

Warrants

The following table summarizes details of the common share purchase warrants issued by the Company during the 12-month period prior to the date of this Prospectus:

| <u>Date of Grant</u> | <u>Number of Warrants Granted</u> | <u>Exercise Price</u> | <u>Expiry Date</u> |
|----------------------|---------------------------------------|-----------------------|--------------------|
| March 8, 2018 | 12,875,000 | \$0.60 | March 12, 2019 |
| March 8, 2018 | 986,600 | \$0.60 | March 12, 2019 |
| March 8, 2018 | 387,594 | \$0.40 | March 8, 2020 |

Options

The following table summarizes details of the stock options issued by the Company during the 12-month period prior to the date of this Prospectus:

| <u>Date of Grant</u> | <u>Number of Options Granted</u> | <u>Exercise Price</u> | <u>Expiry Date</u> |
|----------------------|----------------------------------|-----------------------|--------------------------------|
| June 28, 2017 | 640,000 | \$0.33 | June 28, 2018 to June 28, 2019 |
| January 29, 2018 | 250,000 | \$0.29 | January 29, 2023 |
| August 3, 2018 | 1,475,000 | \$0.35 | August 3, 2023 |
| August 3, 2018 | 625,000 | \$0.35 | August 3, 2021 |

TRADING PRICE AND VOLUME

The Common Shares trade on the Exchange under the symbol "PAS". On October 26, 2018, the last trading day completed prior to the filing of this Prospectus, the closing price of the Common Shares on the Exchange was \$0.48. The price range and trading volume of the Common Shares for each month from October 2017 to October 2018, as reported by the Exchange, are set out below:

| Month | High (\$) | Low (\$) | Total Volume |
|----------------------|----------------------|---------------------|---------------------|
| October 1 – 26, 2018 | 0.485 | 0.38 | 5,745,169 |
| September 2018 | 0.47 | 0.33 | 7,049,459 |
| August 2018 | 0.385 | 0.295 | 3,586,449 |
| July 2018 | 0.425 | 0.305 | 5,747,737 |
| June 2018 | 0.57 | 0.32 | 15,421,102 |
| May 2018 | 0.53 | 0.32 | 9,595,631 |
| April 2018 | 0.69 | 0.36 | 18,636,634 |
| March 2018 | 0.58 | 0.40 | 46,543,034 |
| February 2018 | 0.88 | 0.18 | 79,079,202 |
| January 2018 | 0.33 | 0.20 | 397,340 |
| December 2017 | 0.35 | 0.28 | 188,629 |
| November 2017 | 0.305 | 0.23 | 453,850 |
| October 2017 | 0.45 | 0.27 | 94,600 |

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will include a general summary of certain material Canadian federal income tax consequences which may be applicable to a purchaser of the Securities offered thereunder.

RISK FACTORS

Before deciding to invest in any Securities, prospective investors in the Securities should consider carefully the risk factors and the other information contained and incorporated by reference in this Prospectus and the applicable Prospectus Supplement relating to a specific offering of Securities before purchasing the Securities. An investment in the Securities offered hereunder is speculative and involves a high degree of risk. Information regarding the risks affecting the Company and its business is provided in the documents incorporated by reference in this Prospectus, including in the Annual Information Form under the heading "*Risk Factors*". Additional risks and uncertainties not known to the Company or that management currently deems immaterial may also impair the Company's business, financial condition, results of operations or prospects. See "*Documents Incorporated by Reference*".

No Assurance of Active or Liquid Market

No assurance can be given that an active or liquid trading market for the Common Shares will be sustained. If an active or liquid market for the Common Shares fails to be sustained, the prices at which such shares trade may be adversely affected. Whether or not the Common Shares will trade at lower prices depends on many factors, including the liquidity of the Common Shares, prevailing interest rates and the markets for similar securities, general economic conditions and the Company's financial condition, historic financial performance and future prospects.

There is no public market for the Preferred Shares, Warrants, Subscription Receipts, Units or Debt Securities and, unless otherwise specified in the applicable Prospectus Supplement, the Company does not intend to apply for listing

of such Securities on any securities exchanges. If the Preferred Shares, Warrants, Subscription Receipts, Units or Debt Securities are traded after their initial issue, they may trade at a discount from their initial offering prices depending on prevailing interest rates (as applicable), the market for similar securities and other factors including general economic conditions and the Company's financial condition. There can be no assurance as to the liquidity of the trading market for the Preferred Shares, Warrants, Subscription Receipts, Units or Debt Securities or that a trading market for these securities will develop.

Public Markets and Share Prices

The market price of the Common Shares and any other Securities offered hereunder that become listed and posted for trading on the Exchange or any other stock exchange could be subject to significant fluctuations in response to variations in the Company's financial results or other factors. In addition, fluctuations in the stock market may adversely affect the market price of the Common Shares and any other Securities offered hereunder that become listed and posted for trading on the Exchange or any other stock exchange regardless of the financial performance of the Company. Securities markets have also experienced significant price and volume fluctuations from time to time. In some instances, these fluctuations have been unrelated or disproportionate to the financial performance of issuers. Market fluctuations may adversely impact the market price of the Common Shares and any other Securities offered hereunder that become listed and posted for trading on the Exchange or any other stock exchange. There can be no assurance of the price at which the Common Shares or any other Securities offered hereunder that become listed and posted for trading on the Exchange or any other stock exchange will trade.

Additional Issuances and Dilution

The Company may issue and sell additional securities of the Company to finance its operations or future acquisitions. Shareholders of the Company, including Sciences, may also sell Securities they hold or may hold in the future, including pursuant to this Prospectus. The Company cannot predict the size of future issuances of securities of the Company or the effect, if any, that future issuances and sales of securities will have on the market price of any securities issued and outstanding from time to time. Sales or issuances of substantial amounts of securities of the Company, or the perception that such sales could occur, may adversely affect prevailing market prices for Securities issued and outstanding from time to time. With any additional sale or issuance of securities of the Company, holders will suffer dilution with respect to voting power and may experience dilution in the Company's earnings per share. Moreover, this Prospectus may create a perceived risk of dilution resulting in downward pressure on the price of the Common Shares, which could contribute to progressive declines in the prices of such securities.

Changes in Interest Rates

Prevailing interest rates will affect the market price or value of the Debt Securities. The market price or value of the Debt Securities may decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Fluctuations in Foreign Currency Markets

Debt Securities denominated or payable in foreign currencies may entail significant risk. These risks include, without limitation, the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential liquidity in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable Prospectus Supplement

Broad Discretion in Use of Net Proceeds

Management of the Company will have broad discretion with respect to the application of net proceeds received by the Company from the sale of Securities under this Prospectus or a Prospectus Supplement and may spend such proceeds in ways that do not improve the Company's results of operations or enhance the value of the Common Shares or its other securities issued and outstanding from time to time. Any failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on the Company's business or cause the price of the Securities issued and outstanding from time to time to decline.

Negative Cash Flows from Operations

The Company currently generates negative cash flows from operations, due to the expenses incurred developing its assets. To the extent the Company has negative cash flows in future periods, the Company may use a portion of its general working capital to fund such negative cash flow.

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain legal matters in connection with the offering of Securities will be passed upon on behalf of the Company by Bennett Jones LLP. In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents, as the case may be.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Smythe LLP, Chartered Professional Accountants, is the independent auditor of the Company. Smythe LLP is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal transfer offices in Vancouver, British Columbia.

PURCHASER'S STATUTORY AND CONTRACTUAL RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In certain of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Securities that are convertible, exchangeable or exercisable into other securities of the Company, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which such Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

Original purchasers of: (i) Subscription Receipts or (ii) Warrants offered separately without other Securities, will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such a Subscription Receipt or Warrant. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying Securities gained thereby, in the event that this Prospectus, the relevant Prospectus Supplement or an amendment thereto contains a misrepresentation, provided that both: (i) the conversion, exchange or exercise; and (ii) the exercise of the contractual right of rescission take place within 180 days of the date of the purchase of the aforementioned Subscription Receipts or Warrants under this Prospectus and the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

CERTIFICATE OF PASCAL BIOSCIENCES INC.

Dated: October 29, 2018

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

PASCAL BIOSCIENCES INC.

"Dr. Patrick Gray"

By: Dr. Patrick Gray
Chief Executive Officer

"Judith Dalling"

By: Judith Dalling
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Dr. Terry Pearson"

By: Dr. Terry Pearson

"Julie Eastland"

By: Julie Eastland