PASCAL BIOSCIENCES INC.
Consolidated Financial Statements
For the Years Ended November 30, 2018 and 2017
(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PASCAL BIOSCIENCES INC.

We have audited the accompanying consolidated financial statements of Pascal Biosciences Inc., which comprise the consolidated statements of financial position as at November 30, 2018 and 2017 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pascal Biosciences Inc. as at November 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

Smythe LLP

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March 28, 2019

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Pascal Biosciences Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at November 30

	Notes	2018	2017
ASSETS		$	$
Current			
Cash and cash equivalents	4	3,644,582	114,698
Prepaid expenses	13	109,912	72,303
Receivables	10	13,723	17,235
Total current assets		3,768,217	204,236
Non-current assets			
Equipment	6	49,870	56,004
Intangible assets	5	-	784,653
Total non-current assets		49,870	840,657
Total assets		3,818,087	1,044,893
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	226,698	85,249
Total liabilities		226,698	85,249
SHAREHOLDERS' EQUITY			
Share capital	7	11,805,621	6,378,406
Reserves	7	1,161,341	712,141
Deficit		(9,375,573)	(6,130,903)
Total shareholders' equity		3,591,389	959,644
Total liabilities and shareholders' equity		3,818,087	1,044,893

Approved on behalf of the Board:

"Patrick W. Gray" — Director

"Terry Pearson" — Director

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

Pascal Biosciences Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended November 30	***Notes***	**2018**	**2017**
		$	**$**
General and administrative expenses			
Accounting and audit fees		53,571	18,320
Administrative and general office		61,892	34,586
Amortization	5,6	98,462	93,078
Bank charges and interest		5,950	2,845
Consulting fees	10	291,580	277,890
Salaries and benefits	10	814,044	345,290
Foreign exchange loss		42,727	65,600
Insurance		23,499	11,159
Investor relations and marketing		84,310	7,651
Legal fees		38,378	139,772
Research and development	13	657,456	414,608
Share-based payments	7,10	385,851	200,660
Transfer agent, listing and filing fees		28,105	19,249
Travel and entertainment		53,338	30,358
		(2,639,163)	(1,661,066)
Recovery of accounts payable	10	59,832	-
Impairment of intangible assets	5	(698,853)	-
Interest income		33,514	4,051
Net loss and comprehensive loss for the year		(3,244,670)	(1,657,015)
Loss per share, basic and diluted		(0.07)	(0.04)
Weighted average common shares outstanding - basic and diluted		48,045,853	37,361,873

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

Pascal Biosciences Inc.
Consolidated Statements of
Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Common Shares				Total
	Number of Shares	Amount	Reserve	Deficit	Shareholders' Equity
		$	$	$	$
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	-	-	200,660	-	200,660
Net loss for the year	-	-	-	(1,657,015)	(1,657,015)
Balance, November 30, 2017	37,398,085	6,378,406	712,141	(6,130,903)	959,644
Exercise of stock options	825,000	192,250	-	-	192,250
Fair value transfer on exercise of stock options	-	147,695	(147,695)	-	-
Issuance of shares	13,262,594	5,274,030	-	-	5,274,030
Share issuance costs	-	(651,447)	211,044	-	(440,403)
Exercise of warrants	1,161,717	464,687	-	-	464,687
Share-based payments	-	-	385,851	-	385,851
Net loss for the year	-	-	-	(3,244,670)	(3,244,670)
Balance, November 30, 2018	52,647,396	11,805,621	1,161,341	(9,375,573)	3,591,389

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

Pascal Biosciences Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended November 30	**2018**	**2017**
	$	**$**
Cash provided by (used in):		
Operating activities:		
Net loss for the year:	(3,244,670)	(1,657,015)
Items not involving cash:		
Amortization	98,462	93,078
Impairment of intangible assets	698,853	-
Recovery of accounts payable	59,832	-
Share-based payments	385,851	200,660
Changes in non-cash working capital:		
Prepaid expenses	(37,609)	(27,971)
Receivables	3,512	1,079
Accounts payable and accrued liabilities	81,617	(27,806)
	(1,954,152)	(1,417,975)
Investing activity:		
Purchase of equipment	(6,528)	(60,282)
	(6,528)	(60,282)
Financing activity:		
Shares issued for cash net of share issuance costs	5,490,564	564,900
	5,490,564	564,900
Net change in cash and cash equivalents	3,529,844	(913,357)
Cash and cash equivalents, beginning of year	114,698	1,028,055
Cash and cash equivalents, end of year	3,644,582	114,698
Composition of cash and cash equivalents		
Cash	373,337	86,503
Cash equivalents	3,271,245	28,195
Cash and cash equivalents, end of year	**3,644,582**	**114,698**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 TSX Venture Exchange (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 additional funding or 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 its intellectual property, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

These consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2018, the Company has an accumulated deficit of $9,375,573 (2017: $6,130,903) and reported a net loss of $3,244,670 (2017: $1,657,015) for the year then ended. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new equity financing for its ongoing operations. Financing options available to the Company include equity financings and loans. These conditions indicate the existence of material uncertainties that cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Realization values of the Company's assets may be substantially different from carrying values as shown in these consolidated financial statements and, accordingly, should the Company be unable to continue as a going concern, the adjustments could be material.

These consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2019.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiaries, BAT and Pascal (US).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are summarized below:

(a) Basis of consolidation

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

(b) Intangible assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Intangible assets (continued)

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

(c) Impairment of non-financial assets

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

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

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

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

(d) Research and development costs

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

(e) Share capital

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Share-based payments

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

(g) Income taxes

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

(h) Functional currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

i. Monetary assets and liabilities, at the rate of exchange in effect as at the consolidated statement of financial position date;
ii. Non-monetary assets and liabilities, at the exchange rates prevailing at the time of acquisition of the assets or assumption of the liabilities; and
iii. Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Gains and losses arising from this translation of foreign currency are included in determination of profit or loss for the year.

(i) Significant accounting judgments, estimates and assumptions

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Critical Accounting Estimates

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

- Intangible assets – useful lives

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

- Equipment – useful lives

  The Company estimates the useful lives and selects methods used to allocate depreciable amounts of equipment on a systematic basis. Technical obsolescence of equipment could significantly impact estimated residual useful lives and in turn carrying values being over or understated.

- Share-based payments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Critical Accounting Judgments

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

- Intangible assets – impairment

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

- Going concern

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

- Treatment of research and development expenses

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

- Recovery of deferred tax assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Critical Accounting Judgments (Continued)

- Functional currency

  The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

(j) Earnings (loss) per share

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

(k) Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recorded using the declining-balance method and is intended to depreciate the cost of the assets over their estimated useful lives as follows:

Lab equipment	20%
Computer equipment	55%

(l) Cash equivalents

Cash equivalents include deposits, such as cashable guaranteed investment certificates ("GICs") that are readily convertible into a known amount of cash within 90 days or less.

(m) Financial instruments

Financial assets, financial liabilities are initially recognized at fair value on the consolidated statements of financial position when the Company becomes a party to their contractual provisions. Measurement in subsequent periods depends on the financial instrument's classification.

Financial assets

<u>Financial assets at fair value through profit or loss ("FVTPL")</u>

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as such upon initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss ("FVTPL") (Continued)

A financial asset is classified as held-for-trading when it is purchased with the intention of selling or repurchasing in the near term, part of an identified portfolio of financial instruments that the Company manages and has a recent actual pattern of short-term profit-taking, or is a derivative that is not designated an effective hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. Transaction costs are expensed in the period in which the costs are incurred. The Company's cash and cash equivalents are classified as FVTPL.

Held-to-maturity ("HTM") investments

HTM investments are recognized on a trade date basis and are initially measured at fair value and subsequently at amortized cost using the effective interest rate method. Transaction costs are added and amortized to profit or loss over the life of the financial instrument on an effective yield basis.

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial asset categories and are subsequently measured at fair value. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at each reporting date and any impairment charges are recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments are reclassified from comprehensive income and recognized in profit or loss.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired. The Company's receivables are classified as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial instruments (Continued)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Other financial liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities is classified as other financial liabilities.

Financial liabilities at fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Derecognition of financial assets and liabilities

A financial asset is derecognized when the Company's contractual right to the asset's cash flows expires or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Impairment of financial assets

The Company assesses at each consolidated statements of financial position date whether a financial asset is impaired or when the Company becomes aware of objective evidence of impairment. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment are adversely impacted. For financial assets classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial instruments (Continued)

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

Certain new accounting standards, amendments to standards and interpretations have been issued. These standards have been assessed to not have a significant impact on the Company's consolidated financial statements:

IFRS 9 *Financial Instruments*

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

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

- *Classification and measurement of financial assets:*

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 9 *Financial Instruments* (Continued)

- *Impairment of financial assets:*

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*

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

This standard is effective for the Company's annual period beginning on December 1, 2018. The Company has initially assessed that there will be no material reporting changes as a result of adopting IFRS 9 however, enhanced disclosure requirements are expected.

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 16 *Leases* (Continued)

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for the Company's annual periods beginning December 1, 2019. The Company is currently assessing the impact of IFRS 16 on the consolidated financial statements.

4. CASH EQUIVALENTS

As at November 30, 2018, the Company had a cashable GIC of $3,250,000 (2017: $28,000) and accrued interest on the GIC of $21,245 (2017: $195) readily convertible into cash, which will mature on April 11, 2019 (2017: January 31, 2018) with an annual interest rate of 1.30% (2017: 2.00%).

5. INTANGIBLE ASSETS

Cost	**$**
Balance, November 30, 2016 and 2017	1,172,516
Additions	-
Balance, November 30, 2018	1,172,516
Accumulated Amortization and Impairment	**$**
Balance, November 30, 2016	302,063
Charge for the year	85,800
Balance, November 30, 2017	387,863
Charge for the year	85,800
Impairment for the year	698,853
Balance, November 30, 2018	1,172,516

Carrying Value	**$**
Balance, November 30, 2017	784,653
Balance, November 30, 2018	-

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS (Continued)

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

The assets have finite lives 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.

During the year ended November 30, 2018, the Company returned two patents to Dr. Wilfred Jefferies however, the Company continues to advance an additional patent associated with the calcium channel antibody program, which emerged from these initial patent applications. The calcium channel antibody program remains a focus of the research conducted by the Company and in collaboration with UBC (notes 11 and 13). Additionally, the Company returned the patent titled "HAT acetylation and promoters and uses of composition thereof in promoting immunogenicity" to UBC, which supported the CD74 program. With the Company's focus on cancer, the Company's management decided to return the previously supported CD74 program. With the return of the patents, indicators of impairment existed resulting in an assessment of recoverable amount of the capitalized intangible assets, and ultimately the recognition of an impairment loss of $698,853. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the patents based on its stage of development. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate a recoverable amount greater than $nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

6. EQUIPMENT

Cost	Lab Equipment	Computer Equipment	Total
Balance, November 30, 2016	$ 6,561	$ -	$ 6,561
Additions for the year	54,139	6,143	60,282
Balance, November 30, 2017	60,700	6,143	66,843
Additions for the year	6,528	-	6,528
Balance November 30, 2018	67,228	6,143	73,371
Accumulated Amortization			
Balance, November 30, 2016	$ 3,561	$ -	$ 3,561
Charge for the year	6,678	600	7,278
Balance, November 30, 2017	10,239	600	10,839
Charge for the year	11,920	742	12,662
Balance November 30, 2018	22,159	1,342	23,501
Carrying Value			
Balance, November 30, 2017	$ 50,461	$ 5,543	$ 56,004
Balance, November 30, 2018	$ 45,069	$ 4,801	$ 49,870

7. SHARE CAPITAL

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Common shares

During the year ended November 30, 2018, the Company:

- Issued common shares in relation to the exercise of stock options as follows:
  - 575,000 common shares at a price of $0.23, for gross proceeds of $132,250;
  - 150,000 common shares at a price of $0.20 for gross proceeds of $30,000; and
  - 100,000 common shares at a price of $0.30, for gross proceeds of $30,000.
- Issued common shares in relation to two private placements as follows:
  - 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 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 incurred $440,403 in share issuance costs and issued 994,600 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 135%, and forfeiture rate of 0%. The fair value of the warrants was estimated at $211,044.
- Issued 1,161,717 common 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 warrants, for gross proceeds of $564,900.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(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 and exercisable for five years from the date of grant.

A summary of the Company's outstanding stock options and changes is as follows:

	Quantity	**Weighted Average Exercise Price ($)**
Outstanding, November 30, 2016	2,687,000	0.36
Granted	640,000	0.33
Outstanding, November 30, 2017	3,327,000	0.36
Granted	2,350,000	0.34
Exercised	(825,000)	0.23
Outstanding, November 30, 2018	4,852,000	0.37
Exercisable, November 30, 2018	2,936,375	0.38

On August 3, 2018, the Company granted 2,100,000 stock options to officers, directors and consultants, exercisable at a price of $0.35 per share. 1,475,000 of the stock options will vest quarterly over 12 months and expire on August 3, 2023. 625,000 of the stock options will vest quarterly over 24 months and expire on August 3, 2021. The fair value of 1,475,000 of the stock options granted was estimated using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 2.35%, expected dividend rate of 0%; expected volatility of 93.22% and forfeiture rate of 0%. The fair value of the stock options was estimated at $372,000. The fair value of 625,000 of the stock options granted was estimated using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 2.35%, expected dividend rate of 0%; expected volatility of 97.21%; and forfeiture rate of 0%. The fair value of the stock options was estimated at $134,324. The share-based payment expense recognized during the year ended November 30, 2018 was $278,459.

On January 29, 2018, the Company granted 250,000 stock options to directors of the Company, 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 was estimated using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 2.00%, expected dividend rate of 0%; expected volatility of 90.56%; and forfeiture rate of 0%. The fair value of the stock options was estimated at $51,079. The share-based payment expense recognized during the year ended November 30, 2018 was $48,980.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

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 year ended November 30, 2018 was $58,412.

Option pricing models require the use of highly subjective estimates and assumptions. The expected volatility assumption is based on the historical and implied volatility of the Company's common share price on the Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the expense recorded in the accompanying consolidated statements of operations and comprehensive loss.

The options outstanding at November 30, 2018 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Contractual Life (Years)
650,000	0.31	1.68
820,000	0.36	2.34
392,000	0.72	2.84
640,000	0.33	3.58
250,000	0.29	4.16
625,000	0.35	2.67
1,475,000	0.35	4.67
4,852,000	0.37	3.30

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

The options outstanding at November 30, 2017 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Contractual Life (Years)
575,000	0.23	0.55
150,000	0.20	0.82
750,000	0.31	2.68
820,000	0.36	3.34
392,000	0.72	3.84
640,000	0.33	4.57
3,327,000	0.36	2.89

(d) Share purchase warrants

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

	Quantity	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
Balance, November 30, 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	1.46
Exercised	(1,161,717)	0.40	0.00
Expired	(171,615)	0.40	0.00
Issued	14,257,194	0.59	0.31
Balance, November 30, 2018	14,257,194	0.59	0.31

The warrants outstanding at November 30, 2018 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Contractual Life (Years)
13,869,600	0.6	0.28
387,594	0.4	1.28
14,257,194	**0.59**	**0.31**

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(d) Share purchase warrants (Continued)

The warrants outstanding at November 30, 2017 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Contractual Life (Years)
1,333,332	0.4	0.46
1,333,332	**0.4**	**0.46**

8. INCOME TAXES

As at November 30, 2018 the Company has non-capital losses of approximately $3,341,000, which may be applied against future income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these consolidated financial statements.

The losses expire as follows:

	$
2031	13,000
2032	88,000
2033	399,000
2034	528,000
2035	657,000
2036	652,000
2037	457,000
2038	547,000
	3,341,000

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

	2018	**2017**
	$	**$**
Loss before income taxes	(3,244,670)	(1,657,015)
Income tax as statutory rates	27.00%	26.00%
Expected income tax recovery	(876,061)	(430,823)
Non-deductible items	293,042	52,809
Temporary differences attributed to:		
Differences between Canadian and foreign tax rates	-	(73,236)
Change in timing differences	(144,269)	-
Losses expired	403,109	222,851
Foreign exchange	7,174	16,987
Unused tax losses and tax offsets not recognized	317,005	211,412
Total income tax recovery	-	-

(Expressed in Canadian Dollars)

8. INCOME TAXES (Continued)

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

	2018	2017
	$	$
Non-capital losses carried forward	3,341,000	2,794,000
Patents and licenses	2,107,000	1,910,000
Share issuance costs	368,000	32,000
	5,816,000	4,736,000

9. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of any identified business opportunities and to maintain a flexible capital structure for the benefit of its stakeholders.

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

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

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended November 30, 2018.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions that occurred during the years ended November 30, 2018 and 2017.

Key management compensation:

Services provided by:		**2018**	**2017**
		$	**$**
Dr. Patrick Gray	(a)	204,345	120,000
Judi Dalling	(b)	65,000	65,000
Dr. Reinhard Gabathuler (Cydweli Consultants Inc.)		-	52,000
Jens Biertumpel	(c)	85,180	8,000
Larry Tjoelker	(d)	217,789	-
Tom Deckwerth	(e)	11,831	-
Julie Eastland	(f)	59,832*	-
Share-based payments		286,345	168,282
Benefits		39,926	4,050
		970,248	417,332

a) Dr. Patrick Gray, President and CEO of the Company, provided services in his role as President and CEO (note 11).

b) Judi Dalling, the CFO of the Company, provided administrative and accounting services to the Company (note 11).

c) Jens Biertumpel, a director of the Company, provided corporate financial consulting services to the Company.

d) Larry Tjoelker, Vice President of Research, Pascal (US), provided scientific consulting services to the Company.

e) Tom Deckwerth, Vice President of Therapeutic Development, Pascal (US), provided scientific consulting services to the Company.

f) Julie Eastland, a director of the Company, provided financial consulting to the Company. During the year ended November 30, 2018, Ms. Eastland and the Company mutually agreed to amounts due from the Company to be written off amounting to $59,832.

Included in accounts payable and accrued liabilities is $26,665 payable to directors and officers of the Company and accounts receivable of $nil (2017: $2,000) consisting of advances made to directors of the Company.

11. COMMITMENTS

Commitments over the next five fiscal years are as follows:

	$
2019	610,964
2020	463,584
2021	140,184
2022	58,410
2023	33,000
	1,306,142

The Company has entered into consulting agreements as follows:

a) Consulting agreement with Judi Dalling, CFO of the Company, to provide financial and administrative services to the Company for an annual fee of $65,000 (note 10 b));
b) Consulting agreement with Julie Eastland, a director of the Company, to provide financial and business consulting services to the Company for an annual fee of USD $120,000 (note 10 f));
c) Consulting agreement with Mo Mousa to provide bookkeeping services to Pascal (US) for an annual fee of USD $24,000; and
d) Consulting agreement with Carl Weissman to provide business development services to the Company for an annual fee of USD$300,000.

The Company has also entered into the following agreements:

a) University of Washington: On October 9, 2018, the Company entered into an exclusive license agreement with the University of Washington (“UW”) to develop a cannabinoid-based product for the treatment of glioblastoma multiform and brain metasteses. Under the terms of the agreement, the Company will pay annual fees (US Dollars) as follow:

October 9, 2020	$ 5,000
October 9, 2021	$ 10,000
Every year thereafter until first sale	$ 25,000

b) University of British Columbia: On July 1, 2018, the Company and UBC signed a new Collaborative Research Agreement on research and development projects covering the three technologies (novel natural compounds, monoclonal antibody regulation of calcium channels, and monoclonal antibody for B-cell precursor acute lymphoblastic leukaemia (BCP-ALL)). The contract period commenced on the effective date and will end 12 months from that date. As part of the new agreement, the Company agreed to pay UBC $140,000 for research, of which $70,000 was paid in August 2018 and the balance of $70,000 is payable in January 2019.

c) Lease agreement between the Company and University of Washington Co-Motion Labs, commencing in May 2017 for a period of five years at an annual rate of USD$46,200.

12. FINANCIAL INSTRUMENTS

(a) Fair value

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

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

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

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

As at November 30, 2018 and 2017, the Company's financial instruments are comprised of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate fair values due to the short-term maturities of these financial instruments.

(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.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

At November 30, 2018, the Company had cash and cash equivalents of $3,644,582 (2017: $114,698) available to apply against short-term business requirements and current liabilities of $226,698 (2017: $85,249). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of November 30, 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.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (continued)

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

US dollars	**2018**	**2017**
	$	**$**
Cash	185,304	35,460
Accounts payable	(74,074)	(44,863)
Net exposure to foreign currency risk	(111,230)	(9,403)
Canadian dollar equivalent	(146,824)	(50,221)

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

(e) Other price risk

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

13. RESEARCH AND DEVELOPMENT

During the year ended November 30, 2018, the Company incurred $657,456 (2017: $414,608) in research and development expenditures. The Company entered into a new collaborative research agreement with UBC in July 2018. Payments during the year ended November 30, 2018 were $70,000, of which $10,460 is included in prepaid expense as at November 30, 2018.

14. SEGMENTED INFORMATION

The Company has one operating segment, biotechnology research and development with lab and computer equipment in the United States of America.

15. EVENTS SUBSEQUENTS TO THE YEAR-END

On January 16, 2019, upon request of the holder, the Company cancelled 3,495,000 warrants with an exercise price of $0.60.