PASCAL BIOSCIENCES INC.
Condensed Consolidated Interim Financial Statements
For the Nine Months Ended August 31, 2020 and 2019

Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Company discloses that its independent auditors have not reviewed the condensed consolidated interim financial statements for the nine months ended August 31, 2020 and 2019.

Condensed Consolidated Interim Statements of Financial Position

Unaudited - Prepared by Management

(Expressed in Canadian Dollars)

For the period ended:	***Notes***	**August 31, 2020**	**November 30, 2019**
ASSETS		**$**	**$**
Current			
Cash and cash equivalents	4	79,626	361,385
Prepaid expenses		19,214	27,531
Receivables		8,262	14,307
Assets held for sale		-	45,312
Total current assets		107,102	448,535
Non-current assets			
Equipment	6	27,593	6,946
Total assets		134,695	455,481
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	333,431	60,346
Loans payable	5	207,368	-
Liabilities held for sale		-	51,099
Total liabilities		540,799	111,445
SHAREHOLDERS' EQUITY			
Equity attributable to shareholders			
Share capital	7	12,147,040	11,805,621
Share subscriptions received	7	130,420	
Reserves	7,9	1,129,181	1,115,120
Deficit		(13,797,201)	(12,576,705)
Total shareholders' equity		(406,104)	344,036
Total liabilities and shareholders' equity		134,695	455,481

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.
Condensed Consolidated Interim Statements of Operation and Comprehensive Loss
Unaudited - Prepared by Management

(Expressed in Canadian Dollars)

		Nine Months Ended August 31,		Three Months Ended August 31,	
	Notes	**2020**	**2019**	**2020**	**2019**
		$	**$**	**$**	**$**
General and administrative expenses					
Accounting and audit fees		6,354	22,117	-	-
Administrative and general office		44,249	68,567	11,416	21,886
Amortization	6	11,394	10,126	9,196	3,279
Bank charges and interest		2,780	6,616	(917)	1,650
Consulting fees	9	182,987	368,331	46,395	140,098
Salaries and benefits	9	879,636	1,146,186	261,915	311,060
Foreign exchange loss		(4,337)	88,767	(19,642)	25,372
Insurance		39,734	47,901	7,987	31,814
Investor relations and marketing		9,000	33,184	-	7,067
Legal fees		(925)	(6,709)	(1,577)	7,948
Research and development	12	22,848	868,040	(6,919)	108,338
Share-based payments	7,9	14,061	152,933	1,831	27,670
Transfer agent, listing and filing fees		28,634	25,318	10,417	8,017
Travel and entertainment		41	70,523	(124)	13,497
		(1,236,456)	(2,901,900)	(319,978)	(707,696)
Interest income		416	15,618	(297)	7,815
Net loss and comprehensive loss for the period		(1,236,040)	(2,886,282)	(320,275)	(699,881)
Loss per share, basic and diluted		(0.02)	(0.05)	(0.01)	(0.01)
Weighted average common shares outstanding - basic and diluted		56,440,944	52,647,396	54,942,767	52,647,396

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

Pascal Biosciences Inc.
Condensed Consolidated Interim Statement of Shareholders' Equity
Unaudited - Prepared by Management

(Expressed in Canadian Dollars)

	Common Shares				
	Number of Shares	Amount	Option Reserve	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance, November 30, 2018	52,647,396	11,805,621	1,161,341	(9,375,573)	3,591,389
Share-based payments	-	-	152,950	-	152,950
Net loss for the period	-	-	-	(2,886,282)	(2,886,282)
Balance, August 31, 2019	52,647,396	11,805,621	1,314,291	(12,261,855)	858,057
Share-based payments	-	-	11,873	-	11,873
Fair value transfer on expiry of warrants	-	-	(211,044)	211,044	-
Net loss for the period	-	-	-	(525,894)	(525,894)
Balance, November 30, 2019	52,647,396	11,805,621	1,115,120	(12,576,705)	344,036
Shares issued for cash	3,793,548	341,419	-	-	341,419
Share subscriptions received	-	130,420	-	-	130,420
Share-based payments	-	-	14,061	-	14,061
Net loss for the period	-	-	-	(1,236,040)	(1,236,040)
Balance, August 31, 2020	56,440,944	12,277,460	1,129,181	(13,812.745)	(406,104)

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

Pascal Biosciences Inc.

Condensed Consolidated Interim Statements of Cash Flows

Unaudited - Prepared by Management

(Expressed in Canadian Dollars)

For the period ended:	**August 31, 2020**	**August 31 2019**
	$	**$**
Cash provided by (used in):		
Operating activities:		
Net loss for the period:	(1,236,040)	(2,886,282)
Items not involving cash:		
Amortization	11,394	10,603
Share-based payments	14,061	152,950
Reinstatement of assets held for sale	13,271	-
Changes in non-cash working capital:		
Prepaid expenses	8,317	82,304
Accounts receivable	6,045	3,689
Accounts payable and accrued liabilities	429,354	(92,692)
	(753,598)	(2,729,428)
Investing activities:		
Purchase of equipment	-	(2,261)
	-	(2,261)
Financing activities:		
Shares issued for cash	341,419	-
Share subscriptions received	130,420	-
	471,839	-
Net change in cash and cash equivalents	(281,759)	(2,731,689)
Cash and cash equivalents, beginning of period	361,385	3,644,582
Cash and cash equivalents, end of period	79,626	912,893

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 500 - 666 Burrard Street, Vancouver, BC, Canada, V6C 3P6.

The Company has not generated any revenues and has incurred losses since inception. The Company expects to spend a significant amount of capital to fund research and development and on further laboratory and animal studies. As a result, the Company expects that its operating expenses will increase significantly, and consequently, will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurances that the intellectual property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company plans to undertake additional laboratory and animal studies with respect to 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 condensed consolidated interim financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2020, the Company has an accumulated deficit of $13,812,745 (November 30, 2019: $12,576,705) and reported a net loss of $1,236,040 (August 31, 2019: $2,886,282). 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 condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 2, 2020.

2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual consolidated financial statements as at and for the year ended November 30, 2019.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended November 30, 2019.

(b) Basis of preparation

These condensed consolidated interim financial statements of the Company have been prepared on the accruals basis except for cash flow information and are based on historical costs, except for certain financial instruments.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual consolidated financial statements as at and for the year ended November 30, 2019.

(Expressed in Canadian Dollars)

4. CASH EQUIVALENTS

As at August 31, 2020, the Company had a cashable GIC of $nil (2019: $822,500, readily convertible into cash, maturing on April 23, 2020 with an annual interest rate of 1.60%).

5. LOAN PAYABLE

During the nine months ended August 31, 2020, Pascal (US) applied to the US Small Business Administration for emergency funds from the Paycheck Protection Plan ("PPP") and received $207,368 for funding its operations in Seattle. The PPP has an interest rate of 1%, which is deferred for six months and is forgivable if used to retain employees. The Company has satisfied all parameters of the PPP and is confident the loan will be forgiven.

6. EQUIPMENT

	Lab Equipment	Computer Equipment	Total
Cost	**$**	**$**	**$**
Balance, November 30, 2018	67,228	6,143	73,371
Additions for the year	-	2,261	2,261
Disposals for the year	-	(4,003)	(4,003)
Transfer to assets held for sale (Note 14)	(57,358)	-	(57,358)
Balance, November 30, 2019	9,870	4,401	14,271
Transfer to assets	57,358	-	57,358
Balance August 31, 2020	67,228	4,401	71,629
Accumulated Amortization			
Balance, November 30, 2018	22,159	1,342	23,501
Charge for the year	10,529	2,810	13,339
Disposals for the year	-	(4,003)	(4,003)
Transfer to assets held for sale	(25,512)	-	(25,512)
Balance November 30, 2019	7,176	149	7,325
Transfer to assets	25,512	-	25,512
Charge for the period	9,073	2,126	11,199
Balance August 31, 2020	41,761	2,275	44,036
Carrying Value			
Balance, November 30, 2019	2,694	4,252	6,946
Balance, August 31, 2020	25,467	2,126	27,593

(Expressed in Canadian Dollars)

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

There was no common share activity during the year ended November 30, 2019.

On March 24, 2020, the Company completed a non-brokered private placement for gross proceeds of $341,419 and issued 3,793,548 units (each a "Unit") to SoRSe Technology Corporation (the "Purchaser"), at a price of $0.09 per Unit. Each Unit consists of one common share and one common share purchase warrant (each a "Warrant"). Each Warrant will entitle the Purchaser to purchase one additional common share at a price of $0.15 for 18 months following September 24, 2020 until March 24, 2022.

During the nine months ended August 31, 2020, the Company received share subscriptions of $130,420 from a related party.

(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, 2018	4,852,000	0.34
Granted	198,000	0.20
Outstanding, November 30, 2019	5,050,000	0.33
Cancelled	(1,135,000)	0.34
Outstanding, August 31, 2020	3,915,000	0.33
Exercisable as at August 31, 2020	3,799,500	0.37

On May 28, 2019, the Company granted 198,000 stock options to consultants, exercisable at a price of $0.20 per share. The stock options will vest quarterly over 36 months and expire on May 28, 2022. The fair value of the stock options was estimated using the Black-Scholes option-pricing

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Stock options (continued)

model with the following weighted average assumptions: risk-free interest rate of 1.48%, expected dividend rate of 0%; expected volatility of 87.39% and forfeiture rate of 0%. The fair value of the options was calculated at $21,651. The share-based payment expense recognized during the nine months ended August 31, 2020 was $6,970.

On August 3, 2018, the Company granted 625,000 to consultants and employees, exercisable at a price of $0.35 per share, vesting quarterly over 24 months and expiring on August 3, 2021. 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 2.35%, expected dividend rate of 0%; expected volatility of 97.21%; and forfeiture rate of 0%. The fair value of the options was calculated at $134,324. The share-based payment expense recognized during the nine months ended August 31, 2020 was $7,091.

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 August 31, 2020 are as follows:

Number Outstanding	**Weighted Average Exercise Price ($)**	**Contractual Life (Years)**
685,000	0.36	0.59
392,000	0.72	1.09
590,000	0.33	1.83
250,000	0.29	2.41
325,000	0.35	0.92
1,475,000	0.35	2.92
198,000	0.20	1.75
3,915,000	0.37	1.80

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Stock options (continued)

The options outstanding at August 31, 2019 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Contractual Life (Years)
650,000	0.31	0.93
820,000	0.36	1.58
392,000	0.72	2.09
640,000	0.33	2.83
250,000	0.29	3.41
625,000	0.35	1.92
1,475,000	0.35	3.92
198,000	0.20	2.75
5,050,000	0.37	2.80

(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, 2017	1,333,332	0.40	1.46
Exercised	(1,161,717)	0.40	-
Expired	(171,615)	0.40	-
Issued	14,257,194	0.59	0.06
Balance, November 30, 2018	14,257,194	0.59	0.27
Cancelled	(3,495,000)	0.60	-
Expired	(10,374,600)	0.60	-
Balance, November 30, 2019	387,594	0.40	0.02
Issued	3,793,548	0.15	1.64
Expired	(387,594)	0.40	-
Balance, August 31, 2020	3,793,548	0.15	1.64

(Expressed in Canadian Dollars)

8. 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 nine months ended August 31, 2020.

9. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions that occurred during the nine months ended August 31, 2020 and 2019.

Services provided by:		**2020**	**2019**
		$	**$**
Key management salaries/fees	a)	239,539	442,326
Director and officer salaries/fees	b)	452,433	598,498
Share-based payments		-	142,219
Benefits		97,437	114,465
		749,410	1,297,508

Related parties include:

a) Key management salaries include amounts paid to the CEO, the CFO, and, in 2019, the former acting president of the Company (note 10).

b) Director and officer salaries include amounts paid to the Vice President of Research, the Vice President of Therapeutic Development, the Vice President of Business Development, and a director providing corporate financial services to the Company.

Included in accounts payable and accrued liabilities is $288,126 (2019: $6,065) payable to directors and officers of the Company.

10. COMMITMENTS

Commitments over the next five fiscal years are 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 $102,000. The contract became effective December 1, 2019, and will be renewed annually (note 8(a)); and

b) Consulting agreement with Mo Mousa to provide bookkeeping services to Pascal (US) for an annual fee of USD $24,000.

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 multiforme and brain metastases. 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) Lease agreement between the Company and University of Washington Co-Motion Labs, for a period of one year at an annual rate of USD $49,500. The contract became effective July 1, 2019 and will be renewed annually.

11. 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 August 31, 2020 and 2019, 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,

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (continued)

(a) Fair Value (continued)

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 August 31, 2020, the Company had cash and cash equivalents of $79,626 (November 30, 2019: $361,385) available to apply against short-term business requirements and current liabilities of $540,799 (November 30, 2019: $111,445). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of August 31, 2020.

(d) Currency risk

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

As at August 31, 2020 and 2019, the Company's net exposure to foreign currency risk is as follows:

US dollars	**2020**	**2019**
	$	**$**
Cash	59,824	35,153
Accounts payable	(389,956)	(59,050)
Net exposure to foreign currency risk	(330,132)	23,897
Canadian dollar equivalent	(430,558)	31,771

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 have a material effect on the Company's net loss and comprehensive loss.

11. FINANCIAL INSTRUMENTS (continued)

(e) Other price risk

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

12. RESEARCH AND DEVELOPMENT

During the nine months ended August 31, 2020, the Company incurred $22,848 (August 31, 2019: $868,040) in research and development expenditures.

13. SEGMENTED INFORMATION

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

14. EVENTS SUBSEQUENT TO THE PERIOD

(a) On September 14, 2020, the Company and SōRSE Technology Corporation ("SōRSE") announced that they have entered into a Collaborative Research Agreement (the "Agreement") to advance Pascal's PAS-393 into clinical testing. Pascal and SōRSE will share their respective technologies to test the cannabinoid PAS-393 in human volunteers, enabling testing of cancer patients treated with checkpoint inhibitors.

This partnership leverages SōRSE's industry-leading formulation technology with Pascal's proprietary cannabinoid programs for clinical trials. This will be the first pharmaceutical use of the novel formulation technology developed by SōRSE. The Agreement will include Pascal's intellectual property, which covers the use of cannabinoids in cancer patients treated with checkpoint inhibitors.

SōRSE currently sells and licenses a proprietary water-soluble cannabinoid emulsion technology (patent-pending) that enables increased bioavailability, accurate dosing, and more than 12 months' shelf stability. Pascal and SōRSE scientists will optimize a cannabinoid formulation for human subjects and will then test the formulated PAS-393 in volunteers. SōRSE will provide US$750,000 in research funding to Pascal throughout the 15-month collaboration and will pay for related research expenditures.

(b) On October 30, 2020 the Company entered into debt settlement agreements with related parties in the amount of $230,765. The Company will issue 1,153,825 common shares at a price of $0.20 per share. The agreements are subject to acceptance by the TSXV Exchange.

(c) On November 2, 2020, the Company announced a non-brokered private placement (the "Private Placement") of up to 5,000,000 unites (each a "Unit" respectively) at a price of $0.20 per Unit for gross proceeds of up to $1,000,000. Each Unit will consist of one common share and one common share purchase warrant (each a "Warrant") Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.35 per share for a period of twelve months from the date of closing, subject to an exercise acceleration clause. Under the exercise acceleration clause, which the Company may exercise once the Units are free of resale restrictions and if the Company's shares are trading at or above a volume weighted average price of $0.50 for 10 consecutive trading days, the

Warrants will expire upon 30 days from the date the Company provides notice in writing to the Warrant holders via a news release. Certain directors and officers of the Company intend to acquire the Units under the Private Placement. Any such participation would be considered to be a "related party transaction" as defined under Multilateral Instrument 61 -101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The transaction will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of any shares issued to, or the consideration paid by such persons, will exceed 25% of the Company's market capitalization.

The proceeds from the sale of Units will be added to working capital in furtherance of the Company's business. The securities to be issued under the placement will be subject to a four-month hold period and the Private Placement is subject to the acceptance of the TSX Venture Exchange.

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