PASCAL BIOSCIENCES INC.
Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PASCAL BIOSCIENCES INC.

Opinion

We have audited the consolidated financial statements of Pascal Biosciences Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at November 30, 2020 and 2019;
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $1,237,927 during the year ended November 30, 2020 and, as of that date, the Company has a deficit of $13,571,912. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe LLP | **smythecpa.com**

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Smythe LLP | **smythecpa.com**

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 30, 2021

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe LLP | smythecpa.com

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

As at November 30

	Notes	2020	2019
ASSETS		$	$
Current			
Cash and cash equivalents	4	-	361,385
Prepaid expenses		10,598	27,531
Receivables	9	83,802	14,307
Assets held for sale	9	-	45,312
Total current assets		94,400	448,535
Equipment	6	26,314	6,946
Total assets		120,714	455,481
LIABILITIES			
Current liabilities			
Bank indebtedness		16,909	-
Accounts payable and accrued liabilities	11	326,494	60,346
Short-term loan payable	11	129,650	-
Liabilities held for sale	9	-	51,099
Total liabilities		473,053	111,445
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Equity attributable to shareholders			
Share capital	7	12,331,652	11,805,621
Reserves	7,11	887,921	1,115,120
Deficit		(13,571,912)	(12,576,705)
Total shareholders' equity (deficiency)		(352,339)	344,036
Total liabilities and shareholders' equity (deficiency)		120,714	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.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended November 30

	Notes	2020	2019
		$	$
General and administrative expenses			
Accounting and audit fees		36,354	52,117
Administrative and general office		52,537	97,914
Amortization	6	12,478	13,339
Bank charges and interest		6,676	8,488
Consulting fees	11	216,392	412,959
Salaries and benefits	5, 9, 11	691,537	1,449,128
Foreign exchange loss		7,092	55,015
Insurance		56,761	69,905
Investor relations and marketing		12,967	48,050
Legal fees		4,481	30,993
Research and development	14	140,477	922,621
Share-based payments	7,11	15,521	164,823
Transfer agent, listing and filing fees		31,060	27,624
Travel and entertainment		163	77,067
		(1,284,496)	(3,430,043)
Other Income			
Interest income		416	17,867
Gain on debt settlement	7	46,153	-
Net loss and comprehensive loss for the year		(1,237,927)	(3,412,176)
Loss per share, basic and diluted		(0.02)	(0.06)
Weighted average common shares outstanding - basic and diluted		55,400,349	52,647,396

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

Pascal Biosciences Inc.

Consolidated Statement of Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Common Shares				**Total**
	Number of Shares	**Amount**	**Option Reserve**	**Deficit**	**Shareholders' Equity (Deficiency)**
		$	$	$	$
Balance, November 30, 2018	52,647,396	11,805,621	1,161,341	(9,375,573)	3,591,389
Share-based payments	-	-	164,823	-	164,823
Fair value transfer on expiry of warrants	-	-	(211,044)	211,044	-
Net loss for the year	-	-	-	(3,412,176)	(3,412,176)
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
Shares issued for debt	1,153,825	184,612	-	-	184,612
Share-based payments	-	-	15,521	-	15,521
Fair value transfer on expiry of options	-	-	(242,720)	242,720	-
Net loss for the year	-	-	-	(1,237,927)	(1,237,927)
Balance, November 30, 2020	**57,594,769**	**12,331,652**	**887,921**	**(13,571,912)**	**(352,339)**

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	**2020**	**2019**
	$	**$**
Cash provided by (used in):		
Operating activities:		
Net loss for the year:	(1,237,927)	(3,412,176)
Items not involving cash:		
Amortization	12,478	13,339
Share-based payments	15,521	164,823
Gain on settlement of debt	(46,153)	-
Changes in non-cash working capital:		
Prepaid expenses	16,933	82,381
Accounts receivable	(69,495)	(584)
Accounts payable and accrued liabilities	445,814	(115,253)
	(862,829)	(3,267,470)
Investing activity:		
Purchase of equipment	-	(2,261)
	-	(2,261)
Financing activities:		
Shares issued for cash	341,419	-
Proceeds from short-term loan	129,650	-
	471,069	-
Net change in cash and cash equivalents	(391,760)	(3,269,731)
Cash and cash equivalents, beginning of year	374,851	3,644,582
Cash and cash equivalents (bank indebtedness), end of year	(16,909)	374,851
Composition of cash and cash equivalents		
Cash (bank indebtedness)	(16,909)	22,606
Cash equivalents	-	338,779
Cash in asset held for sale	-	13,466
Cash and cash equivalents (bank indebtedness), end of year	(16,909)	374,851

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 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. 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 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, 2020, the Company has an accumulated deficit of $13,571,912 (2019: $12,576,705) and reported a net loss of $1,237,927 (2019: $3,412,176). 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 may 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.

Since January 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. The duration and enduring impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, condition, and financings (equity and debt) of the Company in future periods.

2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION

(a) Statement of compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2021.

(b) Basis of measurement

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

The preparation of 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 financial statements are disclosed in note 3.

(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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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.

(c) 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.

(d) Government assistance

Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Grants that compensate the Company for expenses incurred are recognized in profit or loss in reduction thereof on a systematic basis in the same years in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are applied against the cost of the asset and recognized in profit or loss on a systematic basis over the useful life of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Share capital

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

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

(f) Share-based payments

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

(g) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

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:

- 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:

- 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.

- Assets held for sale and discontinued operations

  Judgment is required in determining whether an asset meets the criteria for classification as "assets held for sale" in the consolidated balance sheets. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each period and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying value and fair value less costs to sell.

  Judgment is applied in determining whether disposal groups represent a component of the entity, the results of which should be recorded as discontinued operations in the consolidated statements of operations and comprehensive loss.

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Critical Accounting Judgments (continued)

- 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.

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments

Financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs
A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary. The Company's receivables is classified as amortized costs.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")
A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in other comprehensive income. The Company does not have financial asset classified as FVTOCI.

Financial assets measured at fair value through profit or loss ("FVTPL")
A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company's cash and cash equivalents is classified as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and bank indebtedness are classified as financial liabilities subsequently measured at amortized cost.

4. CASH EQUIVALENTS

As at November 30, 2020, the Company had a cashable GIC of $nil (2019: $335,618 and accrued interest on the GIC of $3,161, readily convertible into cash, maturing on April 23, 2020 with an annual interest rate of 1.60%).

5. GOVERNMENT ASSISTANCE

During the year ended November 30, 2020, Pascal (US) applied to the US Small Business Administration for emergency funds from the Paycheck Protection Plan ("PPP loan") and received $206,144 for funding its operations in Seattle. The PPP loan has an interest rate of 1%, which is deferred for ten months and is forgivable if used to retain employees. The PPP loan has a maturity of two years and the full amount is forgivable when the Company applies for forgiveness and as long as Pascal (US)'s employee and compensation levels are maintained, loan proceeds are spent on payroll costs and other eligible expenses and at least 60% of the proceeds are spent on payroll costs. The Company has recognized the full forgiveness in the year ended November 30, 2020 as the Company intends, with reasonable assurance, to apply for forgiveness prior to the deadline. The government assistance of $206,144 is included as a reduction of salaries and benefits.

(Expressed in Canadian Dollars)

6. EQUIPMENT

Cost		**Lab Equipment**		**Computer Equipment**		**Total**
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 9)		(57,358)		-		(57,358)
Balance November 30, 2019	$	9,870	$	4,401	$	14,271
Transfer from assets held for sale		57,358		-		57,358
Balance November 30, 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 (note 9)		(25,512)		-		(25,512)
Balance November 30, 2019	$	7,176	$	149	$	7,325
Transfer from assets held for sale		25,512		-		25,512
Charge for the year		12,278		200		12,478
Balance November 30, 2020	$	44,966	$	349	$	45,315
Carrying Value						
Balance, November 30, 2019	$	2,694	$	4,252	$	6,946
Balance, November 30, 2020	$	22,262	$	4,052	$	26,314

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

On November 30, 2020, the Company issued 1,153,825 common shares of the Company to related parties to settle debt owing of $230,765. The shares were issued at a fair value of $184,612 and a gain on debt settlement of $46,153 was recorded.

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 until March 24, 2022.

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

(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, 2018	4,852,000	0.34
Granted	198,000	0.20
Outstanding, November 30, 2019	5,050,000	0.33
Expired	(1,135,000)	0.34
Outstanding, November 30, 2020	3,915,000	0.37
Exercisable as at November 30, 2020	3,816,000	0.38

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 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 year ended November 30, 2020 was $8,430 (2019: $9,450).

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, 2020 was $7,091 (2019: $148,570).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Stock options (continued)

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, 2020 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Contractual Life (Years)
685,000	0.36	0.34
392,000	0.72	0.84
590,000	0.33	1.58
250,000	0.29	2.16
325,000	0.35	0.67
1,475,000	0.35	2.67
198,000	0.20	1.49
3,915,000	0.37	1.66

The options outstanding at November 30, 2019 are as follows:

Number Outstanding	Weighted Average Exercise Price ($)	Contractual Life (Years)
650,000	0.31	0.68
820,000	0.36	1.34
392,000	0.72	1.84
640,000	0.33	2.58
250,000	0.29	3.16
625,000	0.35	1.67
1,475,000	0.35	3.67
198,000	0.20	2.49
5,050,000	0.37	2.31

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(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, 2018	14,257,194	0.59	0.27
Cancelled	(3,095,000)	0.60	-
Expired	(10,774,600)	0.60	-
Balance, November 30, 2019	387,594	0.40	0.27
Issued	3,793,548	0.15	1.31
Expired	(387,594)	0.40	-
Balance, November 30, 2020	3,793,548	0.15	1.31

The warrants outstanding at November 30, 2020 are as follows:

Number Outstanding	**Weighted Average Exercise Price ($)**	**Contractual Life (Years)**
3,793,548	0.15	1.31

The warrants outstanding at November 30, 2019 are as follows:

Number Outstanding	**Weighted Average Exercise Price ($)**	**Contractual Life (Years)**
387,594	0.40	0.27

(Expressed in Canadian Dollars)

8. INCOME TAXES

As at November 30, 2020 the Company has non-capital losses of approximately $5,000,000, which may be applied against future income for Canadian income tax purposes and non-capital losses of approximately $5,400,000, which may be applied against future income for US 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	796,000
2038	2,599,000
2039	3,348,000
2040	1,288,000
	10,368,000

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

	2020	2019
	$	$
Loss before income taxes	(1,237,927)	(3,412,176)
Income tax as statutory rates	27.00%	27.00%
Expected income tax recovery	(334,240)	(921,288)
Non-deductible items	4,191	44,544
Temporary differences attributed to:		
Change in timing differences	-	1,203
Under (over) provided in prior years	(36,539)	64,806
Losses expired	-	-
Foreign exchange	(37,464)	(289,332)
Unused tax losses and tax offsets not recognized	404,052	1,100,067
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:

	2020	2019
	$	$
Non-capital losses carried forward	10,368,000	8,943,000
Equipment, patents and licenses	2,229,000	2,674,000
Share issuance costs	264,000	264,000
Cumulative eligible capital	69,000	69,000
	12,930,000	11,950,000

9. COLLABORATIVE RESEARCH AGREEMENT

Subsequent to the year ended November 30, 2019, the Company entered into a term sheet with SōRSE Technology Corporation (“SōRSE”) whereby SōRSE will acquire all of the issued and outstanding equity interests of Pascal (US) for a consideration of US $10,000,000, which will be paid (i) as US $9,500,000 through the issuance of SōRSE Class C common stock and (ii) US $500,000 as cash (the “Transaction”). The Company’s Leukemia program will be transferred out of Pascal (US) prior to the sale, after which the Company will continue research on this program. Management determined the operations of Pascal (US) meet the definitions of assets held for sale and not discontinued operations in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* (“IFRS 5”). Consequently, assets and liabilities of Pascal (US) were classified as net liabilities held for sale as at November 30, 2019:

		2019
Assets held for sale		
Cash	$	13,466
Equipment		31,846
Total assets held for sale	$	45,312
Liabilities held for sale		
Accounts payable	$	51,099
Total liabilities held for sale	$	51,099

On May 27, 2020, the Company and SōRSE mutually agreed not to proceed with the Transaction and the term sheet was terminated. Accordingly, assets and liabilities of Pascal (US) were no longer classified as net liabilities held for sale. In accordance with the Term Sheet, SōRSE will reimburse the Company for up to $100,000 legal fees in connection with the Transaction. As at November 30, 2020, the Company has recorded $50,773 in accounts receivable in relation to the legal reimbursement from SōRSE.

9. COLLABORATIVE RESEARCH AGREEMENT (continued)

On September 14, 2020, the Company and SōRSE announced that they have entered into a Collaborative Research Agreement (the "Agreement") to advance Pascal's immune-stimulating cannabinoid PAS-393 into clinical testing in humans. Pascal (US) 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.

SōRSE will provide US $750,000 in research funding to Pascal (US) throughout the 15-month collaboration and will pay for related research expenditures. During the year ended November 30, 2020, the Company received $206,864 (US $154,079) of research funding which is included in salaries and benefits.

10. 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 (deficiency), 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, 2020.

11. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions that occurred during the years ended November 30, 2020 and 2019.

Services provided by:		**2020**	**2019**
		$	**$**
Key management salaries/fees	a)	311,389	546,664
Director and officer salaries/fees	b)	554,233	752,484
Share-based payments		-	150,376
Benefits		123,704	117,087
		989,326	1,566,611

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 12).

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 $69,522 (2019: $8,906) payable to directors and officers of the Company. During the year ended November 30, 2020, a director of the Company loaned the Company $129,650 (2019: $nil) as an unsecured short-term loan. The loan is due on demand and bears no interest.

12. COMMITMENTS

Commitments over the next five fiscal years are as follows:

a) Consulting agreement with the 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 11(a)); and

b) Consulting agreement for 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 the annual fees (US Dollars) as follow:

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

13. 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, 2020 and 2019, the Company's financial instruments are comprised of cash and cash equivalents (bank indebtedness), accounts receivables, and accounts payable and accrued liabilities. The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents (bank indebtedness), 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 (bank indebtedness). The Company limits its exposure to credit loss by placing its cash and cash equivalents (bank indebtedness) 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, 2020, the Company had cash and cash equivalents of $nil (2019: $361,385) available to apply against short-term business requirements and current liabilities of $473,053 (2019: $111,445). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of November 30, 2020.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

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

As at November 30, 2020 and 2019, the Company's net exposure to foreign currency risk is as follows:

US dollars	**2020**	**2019**
	$	**$**
Cash (Bank indebtedness)	(12,506)	10,367
Accounts payable	(112,555)	(40,427)
Short-term loan	(100,000)	-
Net exposure to foreign currency risk	(225,061)	(30,060)
Canadian dollar equivalent	(282,931)	(39,042)

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 significant 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.

14. RESEARCH AND DEVELOPMENT

During the year ended November 30, 2020, the Company incurred $140,477 (2019: $922,621) in research and development expenditures and received $206,864 in funding from SōRSE (note 9).

15. SEGMENTED INFORMATION

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

16. EVENTS SUBSEQUENT TO THE YEAR

On December 18, 2020, the Company granted 400,000 stock options to directors and employees of the Company. The stock options are exercisable at a price of $0.18, for a period of five years and vest quarterly over one year.

In January 2021, the Company amended the terms of the non-brokered private placement previously announced on November 2, 2020. The new terms provide for issuance of up to 7,500,000 units ("Unit") at a price of $0.10 per Unit, for gross proceeds of $750,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.15 for a period of 24 months from the date of closing, subject to an 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 $0.40 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. On February 8, 2021, the Company closed the first tranche of the private placement for 5,600,000 Units and gross proceeds of $560,000. The Company paid $32,200 in finder's fees related to the closing of the first tranche.

On March 17, 2021, the Company closed the second tranche of the non-brokered private placement and issued 1,900,000 Units for gross proceeds of $190,000. The Company paid $1,365 in finder's fees related to the closing of the second tranche.