A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the Provinces of British Columbia, Alberta and Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.

*The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons unless exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the securities offered hereby within the United States or to, or for the benefit of, U.S. persons. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Sernova Corp., at 700 Collip Circle, Suite 114, London, Ontario, N6G 4X8, Telephone: 1-519-858-5126 and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue August 14, 2018

SERNOVA CORP.

$2,754,000

11,016,000 Units issuable upon Exercise of 11,016,000 Special Warrants

This short form prospectus (the "**Prospectus**") qualifies the distribution of 11,016,000 Units (the "**Units**") of Sernova Corp. (the "**Corporation**" or "**Sernova** ") distributed, without additional payment or action, upon the deemed exercise of 11,016,000 special warrants (the "**Special Warrants**") of the Corporation. The Special Warrants were distributed by the Corporation (the "**Offering**") in two tranches: 8,000,000 as part of the first tranche with an issue date of July 13, 2018 (the "**First Closing Date**"), and 3,016,000 as part of the second tranche with an issue date of July 20, 2018 (the "**Second Closing Date**" and, together with the First Closing Date, the "**Closing Dates**"), at a price of $0.25 per Special Warrant to purchasers resident in the Provinces of British Columbia, Alberta and Ontario and outside of Canada on a private placement basis pursuant to certain prospectus exemptions under applicable securities legislation (the "**Private Placement**").

Each Unit consists of one common share (a "**Unit Share**") in the capital of the Corporation and one common share purchase warrant of the Corporation (a "**Warrant**"). Each Warrant will be exercisable into one common share of the Corporation (a "**Warrant Share**") at the exercise price of $0.35 per Warrant Share for a period of 24 months the date of issue, subject to acceleration. The Unit Shares and Warrants are referred to herein as the "**Qualified Securities**". All securities, including the Qualified Securities, issued in connection with the private placement are subject to a statutory hold period of four months and one day. See "Description of Securities Being Distributed".

No additional Special Warrants are available for purchase pursuant to this Prospectus and no additional funds are to be received by the Corporation from the distribution of the Qualified Securities other than the exercise price payable upon exercise of the Warrants.

	Price to the Purchasers	Net Proceeds to the Corporation[(1)]
Per Special Warrant.....	$0.25	$0.2323
Total.....	$2,754,000	$2,558,575

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Notes:

(1) Expenses of the Offering are estimated to be $195,425 (including $50,000 of legal fees and a cash component of the finders' fee of $145,425), which will be paid by the Corporation.

The Qualified Securities are speculative in nature. There are numerous risk factors involving the Corporation and its business. See "Risk Factors" in this Prospectus and in the Corporation's AIF (as hereinafter defined), which is incorporated by reference and can be found on SEDAR at www.sedar.com.

The common shares of the Corporation (the "**Common Shares**") are listed for trading on the TSX Venture Exchange (the "**TSX-V**") under the symbol "SVA". On August 13, 2018, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the TSX-V was $0.215.

The Special Warrants are governed by terms and conditions contained in Special Warrant certificates (the "**Special Warrant Certificates**"). Subject to the terms and conditions of the Special Warrant Certificates, each Special Warrant entitles the holder thereof to acquire one Unit at no additional cost. Each Special Warrant shall be deemed exercised on behalf of, and without any required action on the part of, the holder thereof, at 1:00 p.m. (Pacific Time) on the earlier of: (i) the third business day (the "**Prospectus Qualification Date**") after the date of the receipt for a final short form prospectus qualifying the distribution of the Qualified Securities in each of the provinces in which Special Warrants were sold (the "**Qualifying Jurisdictions**") is issued; and (ii) the date that is four months after the First Closing Date or the Second Closing Date, as the case may be (the "**Deemed Exercise Date**"). See "Plan of Distribution".

The Corporation paid finders' fees of $145,425 in cash and issued 581,700 finders' warrants (the "**Finders' Warrants**") in connection with the Private Placement. The Finders' Warrants have the same terms as the Warrants.

The definitive certificates representing Unit Shares and Warrants issuable upon the deemed exercise of the Special Warrants will be available for delivery within six business days after the Deemed Exercise Date.

Bruce A. Weber, a director of the Corporation, resides outside of Canada. Mr. Weber has appointed the Corporation's counsel, McMillan LLP, located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

Unless otherwise indicated, all references to dollar amounts in this Prospectus are in Canadian dollars.

In this Prospectus, unless otherwise indicated or the context otherwise requires, the terms “Sernova ”, “Corporation”, “we”, “us” and “our” are used to refer to “Sernova Corp.”

The Corporation’s head office is at Suite 114 – 700 Collip Circle, London, Ontario N6G 4X8. The registered office of the Corporation is located at 15th Floor, 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1.

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FORWARD-LOOKING INFORMATION

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Wherever possible, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward-looking information.

Forward-looking information in this Prospectus may include, but is not limited to,

- our expected financial performance in future periods;
- our plan of operations, including our plans to finance future research and development;
- our ability to raise capital for our current operations as well as future research and development;
- our expectations regarding our current operations as well as future research and development; and
- factors relating to our investment decisions.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable.

Key assumptions upon which the Corporation's forward-looking information are based include:

- our ability to manage our growth effectively;
- the absence of material adverse changes in our industry or the global economy;
- trends in our industry and markets;
- our ability to comply with current and future regulatory standards;
- our ability to protect our intellectual property rights;
- our continued compliance with third-party license terms and the non-infringement of third-party
- intellectual property rights;
- our ability to manage and integrate acquisitions;
- our ability to retain key personnel; and
- our ability to raise sufficient debt or equity financing to support our continued growth.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Some of the risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements include:

- our ability to obtain regulatory approval for our product candidates without significant delays;

- the predictive value of our current or planned clinical trials;
- delays with respect to the development and commercialization of our product candidates, which may cause increased costs or delay receipt of product revenue;
- our ability to enroll subjects in clinical trials and thereby complete trials on a timely basis;
- the design or our execution of clinical trials may not support regulatory approval;
- the potential for our product candidates to have undesirable side effects;
- our ability to face significant competition;
- no regulatory agency has made a determination that any of our product candidates are safe or effective for use by the general public or for any indication;
- the competitive threat of biosimilar products;
- the likelihood of broad market acceptance of our product candidates;
- our ability to commercialize products internationally;
- our expectations with respect to the market opportunities for any product that we develop;
- our ability to pursue product candidates that may be profitable or have a high likelihood of success;
- our ability to use and expand our therapeutic platforms to build a pipeline of product candidates;
- our ability to meet the requirements of ongoing regulatory review;
- the threat of product liability lawsuits against us or any of our strategic partners;
- changes in product candidate manufacturing or formulation that may result in additional costs or delay;
- the potential disruption of our business and dilution of our shareholdings associated with acquisitions and joint ventures;
- the potential for foreign governments to impose strict price controls;
- the risk of security breaches or data loss, which could compromise sensitive business or health information;
- current and future legislation that may increase the difficulty and cost of commercializing our product candidates;
- economic, political, regulatory and other risks associated with international operations;
- our exposure to legal and reputational penalties as a result of any of our current and future relationships with various third parties;
- our ability to comply with export control and import laws and regulations;
- our ability to generate revenue from product sales and achieve profitability;

- our potential requirement for substantial additional funding;
- the potential dilution to our shareholders associated with future financings;
- unstable market and economic conditions;
- currency fluctuations and changes in foreign currency exchange rates;
- restrictions on our ability to seek financing, which are imposed by our current credit agreement and or may be imposed by future debt
- our ability to maintain existing and future strategic partnerships;
- our ability to realize the anticipated benefits of our strategic partnerships;
- our ability to secure future strategic partners;
- our intention to rely on third-party manufacturers to produce our clinical product candidate supplies;
- our reliance on third parties to oversee clinical trials of our product candidates and, in some cases, maintain regulatory files for those product candidates;
- our reliance on the performance of independent clinical investigators and clinical research organizations;
- our reliance on third parties for various operational and administrative aspects of our business including our reliance on third parties' cloud-based software platforms;
- our ability to operate without infringing the patents and other proprietary rights of third parties;
- our ability to obtain and enforce patent protection for our product candidates and related technology;
- our patents could be found invalid or unenforceable if challenged;
- our intellectual property rights may not necessarily provide us with competitive advantages;
- we may become involved in expensive and time-consuming patent lawsuits;
- we may be unable to protect the confidentiality of our proprietary information;
- the risk that the duration of our patents will not adequately protect our competitive position;
- our ability to obtain protection under the Canadian patent laws and similar foreign legislation;
- our ability to comply with procedural and administrative requirements relating to our patents;
- the risk of claims challenging the inventorship of our patents and other intellectual property;
- our intellectual property rights for some of our product candidates are dependent on the abilities of third parties to assert and defend such rights;
- patent reform legislation and court decisions can diminish the value of patents in general, thereby impairing our ability to protect our products;

- we may not be able to protect our intellectual property rights throughout the world;
- we will require U.S. Food and Drug Administration ("**FDA**") approval for any proposed product candidate names and any failure or delay associated with such approval may adversely affect our business;
- the risk of employee misconduct including noncompliance with regulatory standards and insider trading;
- our ability to market our products in a manner that does not violate the law and subject us to civil or criminal penalties;
- if we do not comply with law regulating the protection of the environment and health and human safety, our business could be adversely affected;
- we risk losing our "foreign private issuer" status;
- our ability to retain key executives and attract and retain qualified personnel; and
- our ability to manage organizational growth.

This list is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements or information. Forward-looking statements or information are statements about the future and are inherently uncertain, and actual achievements of the Corporation or other future events or conditions may differ materially from those reflected in the forward-looking statements or information due to a variety of risks, uncertainties and other factors, including, without limitation, the risks and uncertainties described above. See "Risk Factors".

Our forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in each of the provinces of Canada are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the Corporation's annual information form (the "**AIF**") for the year ended October 31, 2017, dated June 22, 2018;
- the audited consolidated financial statements and the notes thereto for the financial years ended October 31, 2017 and 2016, together with the report of independent registered public accounting firm thereon and the associated management's discussion and analysis for the financial year ended October 31, 2017;
- the unaudited interim condensed consolidated financial statements and the notes thereto for the three and six months ended April 30, 2018 and 2017 and associated management's discussion and analysis for the three and six months ended April 30, 2018; and
- the management information circular of the Corporation dated March 13, 2018 distributed in connection with the annual meeting of shareholders of the Corporation held on April 25, 2018.

Material change reports (other than confidential reports), business acquisition reports, interim financial statements and all other documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Corporation with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion or withdrawal of this Offering, will be deemed to be incorporated by reference into this Prospectus.

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

Copies of the documents incorporated herein by reference may also be obtained on request without charge from Sernova, Suite 114 – 700 Collip Circle, London, Ontario N6G 4X8 (telephone 519-858-5126) (attention: Corporate Communications).

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") as of the date hereof, the Unit Shares and Warrants acquired pursuant to the deemed exercise of the Special Warrants and the Warrant Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**") and tax-free savings account ("**TFSA**") (collectively, "**Deferred Plans**") provided that (i) the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX-V), and (ii) in the case of the Warrants, neither the Company, nor any person with whom the Company does not deal at arm's length, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of the particular Deferred Plan.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be a "qualified investment" for a Deferred Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA or RDSP, or the subscriber of an RESP will be subject to a penalty tax if such Unit Shares, Warrants and Warrant Shares are a "prohibited investment" (as defined in the Tax Act) for the RRSP, RRIF, RESP, RDSP or TFSA. The Unit Shares, Warrants and Warrant Shares will generally not be a "prohibited investment" for a particular RRSP, RRIF, RESP, RDSP or TFSA provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will not be a prohibited investment if such securities are "excluded property" (as defined in the Tax Act for purposes of these rules) for the particular TFSA, RRSP, RESP, RDSP or RRIF.

Persons who intend to hold Unit Shares, Warrants and Warrant Shares in a trust governed by a Deferred Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

THE COMPANY

Name, Incorporation and Corporate Structure

The Corporation was incorporated under the *Company Act* (British Columbia) (now the *Business Corporations Act* (British Columbia)) on August 19, 1998 under the name of "Pheromone Sciences Corp." Effective May 29, 2001, the Corporation was continued under the *Canada Business Corporations Act* ("**CBCA**"). Effective November 1, 2001 the Corporation was amalgamated (the "**Amalgamation**") with 3927849 Canada Inc. to form a new amalgamated corporation under the name "Pheromone Sciences Corp." On Amalgamation, the registered office of the Corporation was located in the City of Toronto, Province of Ontario; and on February 24, 2006, the Corporation moved the location of its registered office to the Province of British Columbia. On September 20, 2006, the Corporation filed Articles of Amendment to change its name to "Sernova Corp."

The address of the principal office of the Corporation is Suite 114 – 700 Collip Circle, London, Ontario N6G 4X8. The address of the registered and records office of the Corporation is 1500 – 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1.

The Corporation has no operating subsidiaries.

Overview of Business

The Corporation is a regenerative medicine company existing under the CBCA, focused on development and commercialization of its proprietary Cell Pouch™ System and associated technologies including therapeutic cells and local immune protection. The Cell Pouch™ is a scalable, implantable, medical device, designed to create a highly vascularized organ-like environment for the transplantation and engraftment of therapeutic cells, which then release proteins and/or hormones for the long-term treatment of a number of serious, chronic diseases such as diabetes, hemophilia and thyroid disease. Based on the clinical indication, the therapeutic cells may be obtained directly from human auto-graft (self-cells) or allograft cells (non-self, donor cells), or derived from sources known to provide a virtually unlimited supply of cells such as stem cell derived or xenogeneic (non-human) source.

As part of our strategy to develop the Cell Pouch™ for various therapeutic indications, we are evaluating Sernova's Cell Pouch™ and therapeutic cells for the treatment of people with hemophilia A.

The following describes the market opportunity and regulatory path for each of the Corporation's active programs. For more information about the Corporation and its operations, we refer you to the AIF.

Active Programs

Operation

Our initial studies have focused on the treatment of insulin-dependent diabetes through the transplantation of pancreatic islets, which control blood glucose levels in non-diabetic subjects. The Cell Pouch™ with these "donor" therapeutic cells has been shown to provide long-term safety and efficacy in small and large animal models of diabetes and has been proven to provide a biologically compatible environment for survival of insulin-producing cells in humans. The Corporation plans to continue clinical investigation of the Cell Pouch™ with donor islets to provide a treatment for patients with hypoglycemia unawareness. The Corporation believes the path to regulatory approval may be relatively shorter using human donor islets than other sources of cells within the Cell Pouch™. We believe our clinical testing of human donor islets within the Cell Pouch™ will also provide important information regarding the Cell Pouch™ in preparation for the use of unlimited supplies of cells, including stem cell derived technologies.

In this regard, on September 10, 2015, the Corporation secured a potential source of unlimited cells, through the signing of a license agreement with the University Health Network ("**UHN**") of Toronto, Canada to gain exclusive worldwide rights to certain patent-pending technologies by distinguished UHN researchers Dr. Christina

Nostro and Dr. Gordon Keller that are related to the differentiation of stem cells into insulin-producing glucose responsive therapeutic cells developed by UHN researchers. We continue to identify additional potential sources of cells which are not limited by donor availability through license agreements and/or partnerships.

The Corporation is also investigating other diseases amenable to treatment with therapeutic cells such as hemophilia and thyroid disease.

Research and Development

Our research and development efforts are focused principally on the development of the Cell Pouch™ technologies in conjunction with various therapeutic cells for the treatment of chronic diseases and local immune protection technologies (e.g. microencapsulation) that may protect the therapeutic cells within the Cell Pouch™ from immune system attack. Our objective is to advance our medical technologies through the various stages of preclinical and clinical development required to develop a commercial product. The programs we undertake may involve third-party collaborations and corporate partnerships in addition to our internal preclinical and clinical development efforts.

To achieve our goals, our primary activities include the following:

1. Conducting clinical trials required to gain marketing approval for the Cell Pouch™ System in countries that have a significant market opportunity. Our first product is being developed for the treatment of insulin-dependent diabetes. Our first clinical assessment, designed to demonstrate the safety of the Cell Pouch™ and therapeutic cells in humans, was initiated in Canada. We have also been cleared by FDA and the institutional review board ("**IRB**") and have initiated a new Phase I/II clinical study in the United States at the University of Chicago. For these studies, the treatment consists of our proprietary Cell Pouch™ transplanted with human donor islets, protected using a standard of care antirejection drug regimen, for subjects with insulin-dependent diabetes with hypoglycemia unawareness. The Corporation is also developing a treatment that we believe could benefit the broader diabetes population using the Cell Pouch™ transplanted with locally immune protected cells from an unlimited source of cells such as glucose-responsive stem cell derived cells or xenogeneic cells

2. Conducting pre-clinical research programs in other therapeutic indications for our platform Cell Pouch™ technology including hemophilia, thyroid disease, and other chronic diseases that require a hormone, protein or other factor which is missing or in short supply in the body.

3. Development of various sources of therapeutic cells for transplantation within our Cell Pouch™, including, depending on the clinical application, autologous cells, allogeneic cells such as donor cells or glucose responsive stem cell derived cells that could be used to treat large numbers of patients as well as xenogeneic cells.

4. Identification and development of complementary technologies which may improve the safety and efficacy of cells within the Cell Pouch™, including local immune protection technologies such as microencapsulation.

5. Manufacturing and supply of the Cell Pouch™ and the processing and supply of therapeutic cells.

6. Generation and/or licensing of intellectual property.

7. Developing partnerships with medical device and/or pharmaceutical companies for the development of our products.

Products

The Cell Pouch™ was uniquely designed and patented to take into consideration the biological requirements of therapeutic cells. Our research demonstrates that highly vascularized tissue develops within the Cell Pouch™ environment when implanted subcutaneously or in other locations prior to transplantation of therapeutic cells. We believe the Cell Pouch™ provides a unique and ideal environment consisting of vascularized

tissue chambers for the placement of therapeutic cells for the potential treatment of diabetes, hemophilia and other diseases. In long-term pre-clinical evaluation, the Cell Pouch™ has been shown to maintain a stable, vascularized tissue environment prior to placement of these transplanted therapeutic cells. We believe these conditions are key for maintaining long-term survival and function of therapeutic cells. We have demonstrated in a series of ISO10993 biocompatibility studies and multiple animal studies that the Cell Pouch™ is biocompatible and safe. Long-term studies in multiple animal models have demonstrated that the islets become well-supported with microvessels as in their natural pancreatic environment following islet transplantation into the Cell Pouch™.

Benefits of the Cell Pouch™ are anticipated to be enhanced long-term therapeutic cell survival and function. It is important for therapeutic cells to have close contact with microvessels. For diabetes, as an example, this enables islets to monitor blood glucose levels and produce the appropriate amount of insulin throughout the day and night and after meals. We believe the Cell Pouch™ technologies achieve this ideal therapeutic/microvessel connection through alteration of the subcutaneous environment and may allow for improved efficacy. For example, our studies have shown that islets transplanted into the Cell Pouch™ can control glucose levels in small and large animal models of diabetes over extended periods, and we believe this may also apply to other therapeutic cellular applications.

Clinical Development of the Cell Pouch™ in Diabetes

According to the International Diabetes Association, there are approximately 425 million people worldwide with diabetes with approximately 10% of these individuals with type-1 (insulin-dependent) diabetes. According to The Lancet in 2016, the global expense of diabetes was US$ 825 billion. The primary treatment for subjects with type-1 diabetes is insulin injections by needle or insulin pump. The life of a patient with diabetes is consumed with attempting to control blood sugar levels to minimize the severe effects of diabetes which include heart and kidney disease, blindness and amputations. There is a significant need to improve the therapeutic treatment of diabetic patients and to improve the quality of life of these individuals.

Sernova believes an implantable medical device with a cell therapy approach to the treatment of diabetes could provide a significant improvement in the quality of life of patients as well as a significant improvement in the potential efficacy and reduction of diabetes side effects in these patients. The goal of a cell therapy approach is essentially to replace the islet cells lost in the pancreas of diabetic patients in a retrievable device to return their blood sugar status to normal.

Sernova's lead program is the clinical development of the Cell Pouch™ for treatment of patients with insulin-dependent diabetes. By way of background, for diabetic patients with severe hypoglycemia unawareness, aside from the use of daily insulin injections, portal vein transplantation is the only cell-based treatment currently available. The treatment involves receipt of donor pancreata at any number of specialized islet transplantation centres around the world. These pancreata are then put through a digestion process which is to isolate the insulin-producing islets from the pancreatic tissue. These pancreatic islets, often from multiple donors, are then infused into a patient's portal vein in the liver, followed by life-long administration of immunosuppressive drugs to inhibit rejection of the transplant.

It is encouraging that islet transplantation, even into the portal vein in humans when considered a first step proof of concept for diabetes cell therapy, may include a reduction in the incidence of hypoglycemia unawareness, a reduced requirement for exogenous insulin and reduced diabetes-induced microvascular damage and potential insulin independence. These positive effects show the potential of cell therapy for diabetes.

There are issues with portal vein delivery of islets that we believe could be improved with Sernova's technologies. For example, following islet infusion with portal vein delivery, there is a significant initial reduction in surviving islets due to an immediate blood-mediated inflammatory reaction ("**IBMIR**"), which may damage and destroy a significant proportion of the islets infused into the portal vein. Due to IBMIR and other factors, up to three pancreata are required to treat a single patient and achieve a reduction in insulin injections using portal vein delivery. Also, the proportion of patients with insulin-independence decreases over time likely due to continued islet destruction with multiple etiologies. A further shortcoming of portal vein transplant is that infusion of cells into the portal vein is limited to donor islets and is not amenable to advanced technologies such as glucose-responsive insulin-producing stem cell derived cells, similar to those licensed by Sernova, or xenogeneic cells being developed

to overcome the limited supply of donor islet cells, as regulatory authorities have indicated these cell technologies must be transplanted into an implantable and retrievable medical device.

With the encouraging initial results of islet transplantation, there is a need to develop an implantable and retrievable medical device that is highly vascularized for the placement and function of therapeutic cells including donor islets. Sernova Cell Pouch™ is a minimally invasive, retrievable device which creates vascularized tissue chambers for the placement and long-term survival and function of therapeutic cells. Furthermore, the device was specifically designed to prevent fibrosis, a serious issue with previous implantable devices for therapeutic cells.

We believe the Cell Pouch™ can alleviate a number of issues with portal vein transplantation. In the Cell Pouch™, the therapeutic cells live within a tissue matrix surrounded by microvessels similar to the islets' natural microenvironment in the pancreas rather than being subjected to a constant flow of blood with immune reactive cells which is believed to lead to IBMIR. This reduced inflammatory response should enable improved islet survival and potentially lead to the need to implant fewer islets or other sources of insulin-producing cells. This could potentially enable patients with diabetes to be treated with fewer donor pancreata than are currently being used in portal vein transplantation. In addition, known side effects from infusion of cells into the portal vein such as portal vein hypertension, thrombosis, and liver steatosis (fatty liver), along with the costs of treating them, will be eliminated with the insulin-producing cells placed into the Cell Pouch™.

The Cell Pouch™ was uniquely designed and patented to take into consideration the biological requirements of therapeutic cells. Our research demonstrates that highly vascularized tissue develops within the Cell Pouch™ environment when implanted subcutaneously or in other locations prior to transplantation of therapeutic cells. We believe the Cell Pouch™ provides a unique and ideal environment consisting of vascularized tissue chambers for the placement of therapeutic cells for the potential treatment of diabetes, hemophilia and other diseases. In long-term pre-clinical evaluation, the Cell Pouch™ has been shown to maintain a stable, vascularized tissue environment prior to placement of these transplanted therapeutic cells. We believe these conditions are key for maintaining long-term survival and function of therapeutic cells. We have demonstrated in a series of ISO10993 biocompatibility studies and multiple animal studies that the Cell Pouch™ is biocompatible and safe. Long-term studies in multiple animal models have demonstrated that the islets become well-supported with microvessels as in their natural pancreatic environment following islet transplantation into the Cell Pouch™.

An independent pre-clinical study published in the journal Transplantation (Transplantation 2015 Nov: 99 (11):2294-300) demonstrated that the Cell Pouch™ with islets provided insulin independence for the length of the study (100 days) in a small animal model of diabetes using a marginal transplanted islet mass where over 95% of the animals achieved insulin independence. This study supports the concept that the Cell Pouch™ may require a smaller than anticipated number of cells to achieve efficacy, one of the parameters being investigated for further human clinical evaluation to achieve glucose control in patients with diabetes.

A proof-of-concept, first-in-human clinical study in Canada cleared by Health Canada to evaluate the Cell Pouch™ with human donor islets, in insulin-dependent diabetic subjects with hypoglycemia unawareness who are receiving islet transplantation, has demonstrated initial safety data for the Cell Pouch™ alone and with transplanted islets as well as survival of the well-vascularized islets within the Cell Pouch™.

In summary, our human clinical results have shown the following important findings:

- First, biocompatibility and positive safety profile of the Cell Pouch™ have been shown in these patients. Safety is the primary endpoint of the clinical study; and
- Second, the islets within the Cell Pouch™, as shown by independent histological analysis, are well-vascularized, living within a natural tissue matrix and can produce insulin, glucagon and somatostatin, key hormones in the control of blood glucose levels. We believe such revascularization of islets and islet metabolic function within an implantable medical device for therapeutic cells in humans in this patient population is a significant step forward in the regenerative medicine field.

Based on these encouraging results, the Corporation worked closely with Dr. Piotr Witkowski to develop a clinical protocol to address the function of the Cell Pouch™ specifically. Following significant peer review, the

Corporation was awarded up to US$2.45 million (approximately $3.2 million) grant under an agreement with the Juvenile Diabetes Research Foundation. The grant will support our Cell Pouch™ diabetes clinical trial at the University of Chicago with principal investigator, Dr. Piotr Witkowski, which is being initiated under Sernova's IND with the FDA. The filed regulatory documents were cleared by FDA and by the University institutional review board, and study initiation has been announced.

The clinical trial is a Phase I/II non-randomized, unblinded, single arm, company-sponsored trial, where diabetic subjects with hypoglycemia unawareness are being enrolled in the study under informed consent. Subjects are then being implanted with Cell Pouches™. Following development of vascularized tissue chambers within the Cell Pouch™, approximately 30 days, subjects are then being stabilized on antirejection medications and placed on the donor transplant list. Upon receipt of a suitable donor pancreas and following isolation of islets a dose of purified islets under strict release criteria is being transplanted into the Cell Pouch™.

A sentinel pouch, also transplanted with islets, is being removed at approximately 90 days for an interim assessment of the islet transplant. Subjects are being followed for safety and efficacy measures for approximately six months post-transplant. At that time, a decision is being made with regards to the transplant of a further second islet dose with subsequent safety and efficacy follow up. Patients are then being followed for one year. The primary objective of the study is to demonstrate safety and tolerability of islet transplantation into the Cell Pouch™. The secondary objective is to assess efficacy through a series of defined measures.

Our current Cell Pouch™ clinical trials employ standard systemic immune protection regimens; however, the Cell Pouch™ may also accommodate local immune protection of therapeutic cells. Local immune protection of islets within the Cell Pouch™ using technologies such as microencapsulation could result in a significant reduction or elimination of the need for anti-rejection drugs and their related side effects. In addition, local immune protection may provide a safer environment for the transplanted islets. The Cell Pouch™ is believed to be an ideal environment to support microencapsulated cells as the encapsulated cells are housed within the vascularized tissue matrix allowing vessels to be in very close contact with the islets as demonstrated in our preclinical studies of encapsulated islets.

We believe the Cell Pouch™ can be used with a variety of sources of cells, such as glucose-responsive insulin-producing cells derived from stem cells or xenogeneic cells, addressing the limited availability of donors and allowing the extensive treatment of insulin-dependent diabetes. Sernova is working on these technologies including our licensed technology from UHN to provide an immune-protected cell-based therapeutic for all subjects with type-1 diabetes. Thus, we believe our approach and its ease of use may provide an opportunity for the Cell Pouch™ to become the standard of care in therapeutic cell transplantation if it proves to be safe and effective in clinical trials. Sernova believes it has the only such device technology of its kind in which therapeutic cells have been proven to survive in a tissue matrix integrated with microvessels in close association with the therapeutic cells.

Clinical Development of the Cell Pouch™ in Hemophilia

We believe the Cell Pouch™ has multiple potential therapeutic applications. As part of this strategy to expand Cell Pouch™ clinical applications, we are evaluating Sernova's Cell Pouch™ for the treatment of patients with hemophilia A.

One such approach involves taking a small blood sample from the patient, correcting the genetic defect in isolated cells and then expanding the cell numbers for placement into Sernova's Cell Pouch™ for constant release of factor VIII. Sernova and a European team has conducted initial proof-of-concept studies and a European team of experts, forming the HemAcure consortium ("The Consortium"). The Consortium was successful in obtaining €5.6 million (approximately $8.5 million), funded by a European Commission's Horizon 2020 grant, to develop a GMP (Good Manufacturing Practice) human cell product suitable for human clinical testing for the completion of safety and efficacy studies in the Cell Pouch™ as part of a regulatory package in preparation for human clinical testing. To date, significant progress has been made in the development of this product. Blood outgrowth endothelial cells have been successfully isolated from patients with hemophilia A. The cells have been successfully transduced with the gene for Factor VIII. The cells have been scaled up to produce a significant number of cells for preclinical testing. In addition, the cells have been shown to produce Factor VIII on a constant basis and have been demonstrated to survive and engraft in the Cell Pouch™ when placed in a mouse model of hemophilia.

The market for hemophilia A is estimated at US$8.0B/year, with an annual cost of up to US$260,000 per patient. Current standard of care involved regular infusions of factor VIII, which achieved normal factor VIII blood levels for only a few hours at a time. The HemAcure consortium seeks to develop a product that will provide constant delivery of factor VIII to normalize blood levels (the "**Program**") in an effort to significantly improve the quality of life of patients suffering from hemophilia A. The product being developed by the HemAcure consortium was expected to be highly disruptive to the current standard of care treatments for hemophilia A. The therapeutic goal of the Program is to use the patient's own cells corrected for the factor VIII gene. These cells placed in the implanted Cell Pouch™ are expected to release factor VIII on a continual basis at a rate that would be expected to significantly reduce disease-associated hemorrhaging and joint damage. The constant delivery of factor VIII was also expected to reduce or eliminate the need for multiple weekly infusions which was the current standard of care using plasma-derived or recombinant, genetically engineered factor VIII for the prophylactic treatment of hemophilia A.

Dr. David Lillicrap, MD, FRCPC Professor Department of Pathology and Molecular Medicine, Queens University, Canada, Research Chair in Molecular Hemostasis and member of the HemAcure Scientific Advisory Board, confirmed that the therapeutic potential to have a constant release of factor VIII from a hemophilia A patient's own genetically corrected cells placed within the implanted Cell Pouch™ was a very significant advancement in the treatment of hemophilia A. Sernova's Cell Pouch™ with its vascularized tissue lined chambers for therapeutic cells, which was already proven for islet safety and survival in human clinical assessment of diabetes, is an ideal, fully scalable first-in-class medical device suitable for the potential treatment of hemophilia.

The preliminary preclinical proof of concept data used as a basis to support the foundation of the H2020 Grant was generated in a collaborative agreement between Medicyte GmbH under the FP7 ReLiver project, grant agreement 304961 and Sernova Corp. where cryopreserved cells with the *ex vivo* inserted corrected gene for factor VIII were successfully shipped and assessed in Sernova's Cell Pouch™ at its headquarters in Canada. Regarding Sernova's participation in the consortium, the review of the HemAcure grant proposal stated that Sernova's participation was essential for carrying out the Program because Sernova was the partner possessing the technology for the basis of the whole proposal, and which performed all the *in vivo* studies. Sernova used a scalable, contract manufactured, proprietary patented worldwide implantable medical device, the Cell Pouch™, transplanted with therapeutic cells. At that time, the Cell Pouch™ had been in development for more than six years and had already shown success in multiple small and large animal preclinical models and was in a clinical trial for another therapeutic indication. The Cell Pouch™ was the only such device that, when implanted under the skin, was proven to become incorporated with blood vessel-enriched tissue-forming chambers for the placement of therapeutic cells. This proved Sernova was an essential partner for the success of the Program.

New Cell Pouch™ Indications for Metabolic Disorders

As the Corporation continues its work on diabetes and hemophilia indications, we are exploring new indications to further expand the application of our cell therapy platform technologies including for the treatment of hypothyroid disease.

RECENT DEVELOPMENTS

In addition to those developments discussed elsewhere in this Prospectus, the following is a summary of the significant developments of the Corporation which have occurred since October 31, 2018. For more information about the Corporation's significant developments, we refer you to the AIF.

Corporate Developments

In November 2017, based on the successful mid-term report provided by the Horizon 2020 HemAcure consortium to the European Commission, Sernova received a second payment of non-dilutive funds from the European Commission in the amount of €226,602.60 (CDN$331,770). Sernova is using the payment to continue to fund activities related to the development of a Factor VIII releasing therapeutic cell product combined with Sernova's Cell Pouch™ to treat severe hemophilia A, a serious genetic bleeding disorder caused by missing or defective Factor VIII in the bloodstream.

In December 2017, Sernova announced it received FDA notice of allowance for its IND for a new human clinical trial with the Cell Pouch System™ in the United States. Sernova plans to initiate the new clinical trial under this US IND to further investigate the Cell Pouch for treatment of type 1 diabetes ("**T1D**") in individuals with hypoglycemia unawareness. The trial is a Phase I/II prospective single-arm study of islets transplanted into patients having previously received the subcutaneously implanted Cell Pouch™. The primary objective of the study is to demonstrate safety and tolerability of islet transplantation into the Cell Pouch and the secondary objective is to assess efficacy through a series of defined measures. Patient enrolment is set to begin following IRB clearance.

On February 22, 2018, the Corporation announced continuous glucose monitoring systems ("**CGM**") (Medtronic Minimed, Northridge, CA) would be provided to patients in Sernova's US regenerative medicine clinical trial of its Cell Pouch™. CGM will be used to track the function of the transplanted cells in the measurement of key efficacy measures at multiple time points following transplantation of the therapeutic cells into the Cell Pouch™. Glucose variability and hypoglycemia duration can be determined using CGM. CGM involves the subcutaneous placement of a glucose sensor connected to a pager-sized monitoring device that stores glucose data over a 6-day period. Data from each period will be analyzed for mean glucose concentration, mean glucose variability, number and duration of hyper- and hypoglycemic episodes, and total duration of hypoglycemia. The trial is a Phase I/II prospective single-arm study of islets transplanted into the subcutaneously implanted Cell Pouch™. The primary objective of the study is to demonstrate safety and tolerability of islet transplantation into the Cell Pouch™ and the secondary objective is to assess efficacy through a series of defined measures.

On April 25, 2018, the Corporation held its annual shareholder meeting at which all five persons proposed for election as directors were elected to the Board, being: Frank Holler, Jeffrey A. Bacha, Dr. Philip M. Toleikis, James T. Parsons and Bruce Weber. The shareholders also approved the following resolutions: (i) the appointment of Davidson & Corporation, Chartered Professional Accountants, as auditor of the Corporation; (ii) the amended and restated Option Plan & Deferred Share Unit Plan (the "**Incentive Plan**"), which was amended and restated to increase the rolling number maximum percentage of common shares available for grant under the Incentive Plan; (iii) the amendment to the Incentive Plan to increase the fixed number maximum of Deferred Share Units available for award under the Deferred Share Unit component of the Incentive Plan; and (iv) continuation of the Incentive Plan, as amended and restated, until the next annual shareholders meeting.

On May 4, 2018, Sernova announced the appointment of Mr. Sean Hodgins, CA, CPA, CPA (Illinois) as Chief Financial Officer.

On May 8, 2018, the Corporation announced Dr. Piotr Witkowski, M.D., Ph.D., a leading expert in T1D and islet transplantation, as the Clinical Trial Principal Investigator for Sernova's new clinical study. Dr. Witkowski, at the University of Chicago site, will work closely with Sernova's team to conduct the clinical and regulatory aspects of the Cell Pouch™ trial. Under Dr. Witkowski's leadership, multidisciplinary research teams at the University of Chicago are currently conducting several studies designed to improve the quality and outcomes of islet cell transplantation in patients with T1D.

On May 14, 2018, the Corporation announced it had received University of Chicago IRB approval to begin a new clinical protocol for the FDA-cleared human clinical trial to investigate the Cell Pouch™ for the treatment of T1D in individuals with hypoglycemia unawareness.

On June 26, 2018, the Corporation announced that it had secured a $1 million institutional lead order in connection with the Private Placement. On July 23, 2018, the Corporation announced it had closed the Private Placement on the Closing Dates for an aggregate total of $2,754,000 and, in connection therewith, issued 11,016,000 Special Warrants. In connection with the Private Placement, the Corporation paid the certain finders' fees and issued Finders' Warrants. See "Plan of Distribution" and see "Description of Securities Being Distributed".

USE OF PROCEEDS

Net proceeds from the Private Placement will be used to support funding of Sernova's FDA cleared US Phase I/II regenerative medicine clinical trial, "Safety, Tolerability and Efficacy Study of Sernova's Cell Pouch™ for Clinical Islet Transplantation" and to advance corporate/academic collaborations utilizing the Company's

platform technology to treat diabetes, hemophilia and other serious disease conditions, as well as for general corporate purposes.

The Corporation has the following planned expenditures to which the net proceeds from the Offering (inclusive of the expenses of the Offering, estimated to be $195,425) will be applied:

Use of Proceeds	Amount
Sernova's US-based Phase I/II diabetes clinical trial.	$1,800,000
Collaborations utilizing our Cell Pouch™ System platform technologies and Research & Development.	$500,000
General corporate purposes.	$258,575
Total	$2,558,575

Business Objectives and Milestones

Our research and development program for 2018-2019 includes the following:

- Continuation of the clinical trial of our Cell Pouch™ in collaboration with JDRF under our recently cleared US IND for patients with hypoglycemia unawareness using human donor islets and a standard of care antirejection drug regimen to further study the safety and efficacy of the device and islets; Patient enrollment and treatment (Q3 2018 to Q4 2019);

- In coordination with the EU Horizon 2020 HemAcure Consortium, conduct cell production and preclinical studies for treatment of hemophilia A consisting of factor VIII releasing therapeutic cells transplanted within Sernova's Cell Pouch™; (Q4 2018);

- Conduct preclinical studies for treatment of hypothyroid disease consisting of thyroid hormone releasing tissue transplanted within Sernova's Cell Pouch™; (FY 2018);

- Production of human stem-cell-derived cells for diabetes and in vivo proof-of-principle assessment of these differentiated human stem cells for their safety and efficacy within Sernova's Cell Pouch™ for the treatment of insulin-dependent diabetes; (Q3 2018 to Q4 2019);

- Assessment of novel microencapsulation technologies within the Cell Pouch™ cells, to further develop and advance Sernova's therapeutic vision for diabetes, of a product consisting of locally immune protected therapeutic cells within the Cell Pouch™; (Q2 2018 to Q3 2019); and

- Continue to collaborate with pharmaceutical companies to assess safety and efficacy of our combined technologies in preclinical studies for potential negotiation of a licensing arrangement and commercial development partnership for our hemophilia and diabetes programs.

With its many applications and various indications being investigated, Sernova's marketing and commercial launch schedule must be planned in relation to the result of the human clinical trials, currently in progress.

Sernova is committed to working with pharmaceutical and academic partners to evaluate various insulin-producing cell technologies using different approaches, with the goal of combining Sernova and partner technologies to create best in class products. In this regard, Sernova is in the process of testing and evaluating several insulin-producing cell technologies in our Cell Pouch™.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Special Warrants

The Special Warrants are governed by the terms and conditions set forth in the Special Warrant Certificates. An aggregate of 11,016,000 Special Warrants were issued pursuant to the Private Placement and are outstanding as of the date of this Prospectus. The material terms and conditions of the Special Warrants are summarized below:

- each of the Special Warrants entitles the holder thereof to acquire, for no additional consideration to the Corporation, one Unit for each Special Warrant, subject to adjustment as provided for in the Special Warrant Certificates;

- the Special Warrants will be deemed to be exercised into the Units on the date that is the earlier of: (i) the Prospectus Qualification Date, and (ii) the Deemed Exercise Date;

- the Special Warrants are not transferable without the prior written consent of the Corporation, and provided that, where such consent is obtained, such transfer is made in accordance with applicable securities laws;

- the Special Warrant Certificates provides for and contains provisions designed to keep the holders of the Special Warrants unaffected, on a best efforts basis, by the possible occurrence of certain corporate events, including the merger, corporate reorganization or similar events of the Corporation; and

- the holders of Special Warrants do not have any right or interest whatsoever as shareholders of the Corporation, including but not limited to any right to vote at, to receive notice of, or to attend, any meeting of shareholders or any other proceedings of the Corporation or any right to receive any dividend or other distribution.

The foregoing is a summary description of certain material provisions of the Special Warrant Certificates, it does not purport to be a comprehensive summary and is qualified in its entirety by reference to the more detailed provisions of the Special Warrant Certificates, a form of which has been filed on SEDAR (www.sedar.com) in connection with this Prospectus.

Common Shares

The Corporation is authorized to issue an unlimited number of voting and participating Common Shares without par value. As at August 13, 2018 there were 159,971,348 Common Shares issued and outstanding.

Each Common Share carries one vote at all shareholder meetings of the Corporation whether ordinary or special, and may participate in any dividends declared by Sernova's Board of Directors. The Common Shares carry the right to receive a proportionate share of Sernova's assets available for distribution to the holders of the Common Shares upon liquidation, dissolution or winding up of the Corporation. The Common Shares do not have any special liquidation, pre-emptive or conversion rights.

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in the Company's bylaws and the CBCA. Generally speaking, substantive changes to the authorized share structure require the approval of our shareholders by special resolution (at least two-thirds of the votes cast).

Warrants

The Warrants are governed by terms and conditions contained in the Warrant certificates (the "**Warrant Certificates**") to be issued on the Deemed Exercise Date.

Each Warrant will be exercisable into one Warrant Share at the exercise price of $0.35 per Warrant Share for a period of 24 months from the date of issuance of the Warrants, subject to acceleration. At any time after the expiry of the four month hold period applicable to the Warrants, the Corporation may accelerate the expiry of the Warrants if the 20-day volume-weighted average trading price of the Common Shares on the TSX-V, or such other exchange the Corporation may be listed, is greater than $0.50; provided that (a) the Corporation gives notice of the same in writing to the holders of the Warrants, and (b) the accelerated expiry date is a date which is not less than 30 calendar days after the date of such notice. The Warrants will be subject to a statutory hold period of four months from the date of issue. The additional material terms and conditions of the Warrants are summarized below:

- the Warrant Certificates provides for and contains provisions designed to keep the holders of the Warrants unaffected by the possible occurrence of certain corporate events, including the merger, corporate reorganization or similar events of the Corporation; and

- the holders of Warrants do not have any right or interest whatsoever as shareholders of the Corporation, including but not limited to any right to vote at, to receive notice of, or to attend, any meeting of shareholders or any other proceedings of the Corporation or any right to receive any dividend or other distribution.

PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of 11,016,000 Unit Shares and 11,016,000 Warrants issuable upon the deemed exercise of 11,016,000 previously issued Special Warrants. The Corporation completed the Private Placement of 11,016,000 Special Warrants on the Closing Dates pursuant to prospectus exemptions under applicable securities legislation in the Qualifying Jurisdictions and in other offshore jurisdictions on a non-brokered private placement basis at the price of $0.25 per Special Warrant for gross proceeds of $2,754,000. This Prospectus qualifies the distribution of the Qualified Securities.

The TSX-V has conditionally approved the Offering and the listing of the Unit Shares and the Warrant Shares, subject to the Corporation fulfilling all of the requirements of the TSX-V.

The Special Warrants were issued pursuant to and are governed by and subject to the terms and conditions of the Special Warrant Certificates, 8,000,000 of which are dated as of the First Closing Date and 3,016,000 of which are dated as of the Second Closing Date. Each Special Warrant entitles its holder to receive, upon deemed exercise, one Unit at no additional cost. Each Special Warrant shall be deemed exercised on behalf of, and without any required action on the part of, the holder thereof, on the date that is the earlier of: i) the Prospectus Qualification Date, and (ii) the date that is four months and one day after the date of issue of the Special Warrant.

The Corporation paid finders' fees of $75,425 in cash and issued 301,700 Finders' Warrants in connection with the Private Placement. The Finders' Warrants have the same terms as the Warrants.

The Warrants are governed by terms and conditions contained in the Warrant Certificates to be issued by the Corporation. See "Description of Securities Being Distributed".

The Qualified Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, subject to certain exceptions, may not be offered or sold in the United States. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. Persons (as such term is defined in the U.S. Securities Act). None of the Special Warrants or the Qualified Securities been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The definitive certificates representing Unit Shares and Warrants issuable upon the deemed exercise of the Special Warrants will be available for delivery within six business days after the Deemed Exercise Date.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at the dates indicated, adjusted to give effect to the Offering, on the share and loan capital of the Company since April 30, 2018, the date of the Company's most recently filed financial statements. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

Description	As at April 30, 2018 Before Giving Effect to the Offering	As at April 30, 2018 After Giving Effect to the Offering	As at April 30, 2018 After Giving Effect to the Offering and the Exercise of the Special Warrants
Common Shares	159,893,223	159,893,223	170,909,223
Warrants	16,856,250	16,856,250	27,872,250
Special Warrants	Nil	11,016,000	Nil
Finder's Warrants	NIL	301,700	301,700
Options	9,818,600	9,818,600	9,818,600
Shareholders' Equity	$5,117,802	$7,676,377	$7,676,377

There have been no material changes in the Corporation's share or loan capital since April 30, 2018, the end of the Corporation's most recent financial period in respect of which the Corporation has filed financial statements, except the following:

(a) on the Closing Dates, the Corporation completed the Private Placement and issued 11,016,000 Special Warrants. See "Plan of Distribution"; and

(b) on the Closing Dates, the Corporation issued an aggregate of 581,700 Finders' Units.

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Corporation issued the following common shares and securities convertible into common shares:

Date of Issuance	Aggregate Number and Type of Securities Issued	Price per Security
November 29, 2017	53,125 Common Shares[(1)]	$0.19
January 10, 2018	200,000 Common Shares[(2)]	$0.35
January 11, 2018	65,600 Common Shares[(2)]	$0.35
January 18, 2018	200,000 Common Shares[(2)]	$0.35
May 8, 2018	78,125 Common Shares	$0.26
July 13, 2018	8,000,000 Special Warrants	$0.25
July 20, 2018	3,016,000 Special Warrants	$0.25

Notes:

(1) Issued upon exercise of stock options.

(2) Issued upon exercise of warrants.

TRADING PRICE AND VOLUME

The Corporation's common shares are listed on the TSX-V under the trading symbol "SVA". The following table sets forth information relating to the trading of the common shares on the TSX-V for the months indicated.

Period	High ($)	Low ($)	Volume
July 2017	0.225	0.195	1,529,350
August 2017	0.215	0.145	3,771,882
September 2017	0.22	0.175	1,760,650
October 2017	0.30	0.180	2,987,319
November 2017	0.28	0.225	3,355,144
December 2017	0.44	0.245	10,022,948
January 2018	0.51	0.38	5,125,119
February 2018	0.44	0.34	3,003,729
March 2018	0.415	0.33	2,461,783
April 2018	0.37	0.305	3,028,947
May 2018	0.405	0.23	4,920,371
June 2018	0.285	0.20	6,200,219
July 2018	0.25	0.19	3,148,030
August 1-13, 2018	0.26	0.215	746,216

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Corporation and could cause its operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Corporation. These include widespread risks associated with any form of business and specific risks associated with the Corporation's business and its involvement in the base metal exploration and development industry.

An investment in the securities of the Corporation is considered speculative and involves a high degree of risk due to, among other things, the nature of the Corporation's business and the present stage of its development. A prospective investor should carefully consider the risk factors set out below along with the other matters set out or incorporated by reference in this Prospectus. The operations of the Corporation are speculative due to the high risk nature of its business which is the development and commercialization of biotechnology, such as regenerative technologies like therapeutic cells and local immune protection. The Corporation has identified the following non-exhaustive list of inherent risks and uncertainties that it considers to be relevant to its operations and business plans. In addition to risk factors and uncertainties enumerated in the forward-looking information section of this Prospectus along with information set out elsewhere in this Prospectus and contained in the Corporation's AIF, and any other documents incorporated by reference into this Prospectus, investors should carefully consider the following risk factors. Such risk factors could materially affect the Corporation's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation.

The Corporation may be Required to Seek Additional Capital; Failure to do so may lead have Adverse Consequences on Operations

While the Corporation has prioritized the available resources in order to meet key corporate expenditure requirements, the Corporation may seek to source significant additional financing. Such financing may include any

of, or a combination of: debt, equity and/or contributions. There can be no assurances that the Corporation will be successful in obtaining any such additional financing. If the Corporation is unable to raise the necessary capital resources to meet obligations as they come due, the Corporation will at some point have to further reduce or curtail its operations.

The Corporation may not use the proceeds of the Offering of Special Warrants in the manner described herein

There is no assurance that the Corporation will use the proceeds of the Offering and sale of the Special Warrants in the manner described in this prospectus. The Corporation has discretion as to the use of these net proceeds and may determine to re-allocate the proceeds between the intended use of proceeds as management deems warranted in response to developments in our business. Further, the Corporation may use the net proceeds of the Offering for expenditures that have not presently anticipated. Accordingly, the Corporation's ultimate use of the net proceeds may differ significantly from the anticipated use of proceeds described herein.

If either of the foregoing events, or other risk factor events not described herein occur, our business, financial condition or results of operations could suffer. In that event, the market price of our securities could decline and investors could lose all or part of their investment.

AUDITORS, TRANSFER AGENT, REGISTRAR AND TRUSTEE

The auditors of the Corporation are Davidson & Company LLP, Chartered Professional Accountants, Vancouver, British Columbia. Davidson & Company LLP is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia. The audited consolidated financial statements for the years ended October 31, 2017 and 2016, incorporated by reference in this Prospectus, have been audited by Davidson & Company LLP, as set forth in their report thereon, included therein and incorporated herein by reference.

The transfer agent and registrar for the common shares of the Corporation is AST Trust Company (Canada) at its principal offices in Vancouver, British Columbia.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by McMillan LLP. As at the date hereof, the partners and associates of McMillan LLP, as a group, beneficially own, directly or indirectly, less than one percent of the outstanding common shares of the Corporation.

CONTRACTUAL RIGHT OF RESCISSION FOR SPECIAL WARRANT HOLDERS

The Corporation has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the Corporation on exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation, (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired, (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the agent or Corporation, as the case may be, on the acquisition of the Special Warrant, and (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

PURCHASERS' STATUTORY RIGHTS

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

CERTIFICATE OF THE COMPANY

Dated: August 14, 2018

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

(signed) *Dr. Philip M. Toleikis*
President and
Chief Executive Officer

(signed) *Sean Hodgins*
Chief Financial Officer

On Behalf of the Board of Directors

(signed) *James Parsons*
Director

(signed) *Frank Holler*
Director