



*Immunotherapy approaches to **breast** cancer management*

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BriaCell Therapeutics Corp.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended October 31, 2017

Expressed in Canadian Dollars

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of BriaCell Therapeutics Corp. ("BriaCell", the "Company") for the three months ended October 31, 2017 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

This these condensed interim consolidated financial statements "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

BriaCell Therapeutics Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	October 31, 2017	July 31, 2017
	Unaudited	Audited
ASSETS		
Current assets		
Cash and cash equivalents	\$ 644,232	\$ 1,264,429
Short-term investments	650,000	750,000
Amounts receivables	2,194	6,981
Prepaid expenses	15,416	15,416
Total current assets	1,311,842	2,036,826
Security deposits	2,450	2,372
Intellectual property (Note 7)	374,852	1
Total Assets	\$ 1,689,144	\$ 2,039,199
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 422,456	472,362
Receipt on account of shares	-	631,785
Total liabilities	422,456	1,104,147
Shareholders' equity		
Share capital (Note 8(b))	7,616,401	6,609,615
Share-based payment reserve (Note 9)	884,763	884,763
Warrant reserve (Note 8(c))	1,841,448	1,841,448
Accumulated other comprehensive loss	(106,320)	(72,174)
Deficit	(8,969,604)	(8,328,600)
Total shareholders' equity	1,266,688	935,052
Total liabilities and shareholders' equity	\$ 1,689,144	\$ 2,039,199

Nature of Operations (Note 1)

Commitments and Contingencies (Note 13)

These financial statements were approved and authorized for issue on behalf of the Board of Directors on December 28, 2017 by:

On behalf of the Board:

“Rahoul Sharan”

Director

“Saeid Babaei”

Director

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

BriaCell Therapeutics Corp.
Condensed Interim Consolidated Statements of
Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended	
	October 31	
	2017	2016
	Unaudited	
Expenses:		
Research costs	\$ 467,504	\$ 265,131
General and administration costs	177,830	142,017
Share-based compensation (Note 9)	-	28,889
Total Expenses	645,334	436,037
Operating Loss	(645,334)	(436,037)
Interest income	6,045	96
Foreign exchange loss	(1,715)	(3,277)
	4,330	(3,181)
Loss For The Period	(641,004)	(439,218)
Items That Will Subsequently Be Reclassified To Profit Or Loss		
Foreign currency translation adjustment	(34,146)	26,499
	(34,146)	26,499
Comprehensive Loss for the Period	\$ (675,150)	\$ (412,719)
Basic and Fully Diluted Loss Per Share	\$ (0.01)	\$ (0.01)
Weighted Average Number Of Shares Outstanding	111,087,721	92,202,416

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

BriaCell Therapeutics Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three months ended	
	October 31	
	2017	2016
	Unaudited	
Cash flow from operating activities		
Net loss for the period	\$ (641,004)	\$ (439,218)
Items not affecting cash:		
Depreciation	-	292
Share-based compensation	-	28,889
Unrealized foreign exchange gain	-	3,277
Changes in non-cash working capital:		
Amounts receivable	4,787	(5,938)
Accounts payable and accrued liabilities	(691,485)	(19,664)
	(1,327,702)	(432,362)
Cash flow from investing activities		
Change in short-term investments	100,000	(1,150,000)
Acquisition of Sapientia	149	
	100,149	(1,150,000)
Cash flow from financing activities		
Units issued for cash	631,786	1,485,761
Proceeds from exercise of warrants		34,585
	631,786	1,520,346
Decrease in cash and cash equivalents	(595,768)	(62,016)
Effect of changes in foreign exchange rates	(24,429)	21,607
Cash and cash equivalents, beginning of period	1,264,429	171,865
	\$ 644,232	\$ 131,456
(a) Significant non-cash transactions		
Acquisition of investments in consideration of issue of shares	375,000	-
	375,000	-

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

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

BriaCell Therapeutics Corp.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE-BASED PAYMENT RESERVE	WARRANT RESERVE	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFECIT	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT					
Balance, July 31, 2017	105,904,561	6,609,615	884,763	1,841,448	(72,174)	(8,328,600)	935,052
Private Placement (Note 8(b)(i))	4,058,441	631,786	-	-	-	-	631,786
Acquisition of Sapientia (Note 8(b)(ii))	2,500,002	375,000	-	-	-	-	375,000
Foreign exchange translation	-	-	-	-	(34,146)	-	(34,146)
Loss for the period	-	-	-	-	-	(641,004)	(641,004)
Balance, October 31, 2017	112,463,004	\$ 7,616,401	884,763	\$ 1,841,448	\$ (106,320)	(8,969,604)	\$ 1,266,688

	SHARE CAPITAL		SHARE-BASED PAYMENT RESERVE	WARRANT RESERVE	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFECIT	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT					
Balance, July 31, 2016	91,302,369	4,489,797	1,042,207	1,107,863	(30,346)	(5,581,404)	1,028,117
Private Placement	8,500,000	948,258	-	537,503	-	-	1,485,761
Exercise of warrants	192,140	44,749	-	(10,164)	-	-	34,585
Share-based compensation	-	-	28,889	-	-	-	28,889
Cancellation of stock options	-	-	(102,443)	-	-	102,443	-
Foreign exchange translation	-	-	-	-	26,499	-	26,499
Loss for the period	-	-	-	-	-	(439,218)	(439,218)
Balance, October 30, 2016	\$ 99,994,509	\$ 5,482,804	\$ 968,653	\$ 1,635,202	\$ (3,847)	(5,918,179)	\$ 2,164,633

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

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017
(Unaudited)
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

BriaCell Therapeutics Corp. (“BriaCell” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 26, 2006 and is listed on the TSX Venture Exchange (“TSX Venture”). The Company trades on the TSX Venture under the symbol “BCT.V”

The Company’s head office is located at Suite 300 – 235 West 15th Street, West Vancouver, British Columbia, V7T 2X1.

On July 24, 2017, the Company has entered into a definitive share exchange agreement (the “Share Exchange Agreement”) with its wholly-owned subsidiary, BriaCell Therapeutics Corp., Sapientia Pharmaceuticals, Inc. (“Sapientia”) and all the shareholders of Sapientia. Sapientia is a biotechnology company based in Havertown, PA, that is developing novel targeted therapeutics for multiple indications including several cancers and fibrotic diseases.

Pursuant to the terms of the Share Exchange Agreement, BriaCell Therapeutics Corp. agreed to acquire from the Sapientia Shareholders all of the issued and outstanding shares in the capital of Sapientia in consideration to the Sapientia Shareholders, pro rata, of an aggregate of 2,500,000 common shares in the capital of BriaCell (the “Transaction”), which were issued on September 5, 2017. As part of the Transaction, BriaCell acquired all rights, including composition of matter patents, and preclinical study data to a novel therapeutic technology platform, known as protein kinase C delta (PKC δ) inhibitors, which represents a unique, highly-targeted approach to treat cancer and to boost the immune system. Additional information on the Transaction is disclosed in Note 7.

These consolidated financial statements were authorized for issue by the Board of Directors on December 28, 2017.

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). They do not include all information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended July 31, 2016.

Basis of Presentation

The condensed interim consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars which is the Company’s reporting currency. A summary of the significant accounting policies is provided in Note 4. Standards and guidelines not effective for the current accounting period are described in Note 5.

Basis of Measurement

Theses condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for financial instruments which have been measured at fair value.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of BriaCell and its wholly-owned subsidiary BCT and BCT’s wholly owed subsidairy Sapientia. The financial statements of BriaCell are included in the consolidated financial statements from the date that control commences until the date control ceases. Control exists when the Company has the power directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company applies the acquisition method to account for business combinations in accordance with IFRS 3.

All inter-company balances, and transactions, have been eliminated upon consolidation.

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017
(Unaudited)
(Expressed in Canadian Dollars)

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at July 31, 2017. The accompanying condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2017.

4. Standards Issued but Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for future accounting periods. Many are not applicable to or are not expected to have a significant impact on BriaCell and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on BriaCell.

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB its final form in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS39. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has yet to evaluate the impact of this new standard.

(ii) IFRS 15 - Revenue from contracts with customers (“IFRS 15”) proposes to replace IAS 18 – Revenue, IAS 11 – Construction contracts and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transaction to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has yet to evaluate the impact of this new standard.

(iii) IFRS 16 - Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company has yet to evaluate the impact of this new standard.

(iv) IFRS 17 – Insurance Contract (“IFRS 17”) was issued by the IASB in May 2017, which replaces IFRS 4 Insurance Contracts. IFRS 17 requires entities to measure insurance contract liabilities at their current fulfillment values using one of three measurement models, depending on the nature of the contract. IFRS 17 is effective for annual periods beginning on or after January 1, 2021. IFRS 17 will affect how we account for our insurance contracts and how we report our financial performance in our consolidated statement of operations. The Company has yet to evaluate the impact of this new standard.

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017
(Unaudited)
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5. Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are:

- The series of loans made to the subsidiary company are considered part of the parent company's net investment in a foreign operation as the Company does not plan to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses on the intercompany loans are recorded through compressive loss. If the Company determined that settlement of these amounts was planned or likely in the foreseeable future, the resultant foreign exchange gains and losses would be recorded through profit or loss.
- The determination that the unrealized decrease in the fair value of available for sale investments is other than temporary.

6. Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in the statement of operations.

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)
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6. Financial Instruments (continued)

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period.

Financial assets are impaired when there is any objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

Financial assets (continued)

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Short-term investments	Loans and receivables
Amounts receivable	Loans and receivables
Investments	Available for sale
Security deposits	Loans and Receivables

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

Financial instruments recorded at fair value in the statement of financial position are classified according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Financial assets measured at fair value on a recurring basis include the following:

	FAIR VALUE INPUT LEVEL	As at October 31, 2017		As at July 31, 2017	
		CARRYING AMOUNT	ESTIMATED FAIR VALUE	CARRYING AMOUNT	ESTIMATED FAIR VALUE
Financial Assets:					
Cash and cash equivalents	1	\$ 644,232	\$ 644,232	\$ 1,264,429	\$ 1,264,429
Investments	2	\$ -	\$ -	\$ -	\$ -

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017
(Unaudited)
(Expressed in Canadian Dollars)

7. Acquisition of Sapiientia

On July 24, 2017, the Company has entered into a definitive share exchange agreement (the “Share Exchange Agreement”) with its wholly-owned subsidiary, BriaCell Therapeutics Corp., Sapiientia Pharmaceuticals, Inc. (“Sapiientia”) and all the shareholders of Sapiientia. Sapiientia, a biotechnology company based in Havertown, PA, that is developing novel targeted therapeutics for multiple indications including several cancers and fibrotic diseases.

Pursuant to the terms of the Share Exchange Agreement, BriaCell Therapeutics Corp. agreed to acquire from the Sapiientia Shareholders all of the issued and outstanding shares in the capital of Sapiientia in consideration to the Sapiientia Shareholders, pro rata, of an aggregate of 2,500,000 common shares in the capital of BriaCell (the “Transaction”), which were issued on September 5, 2017. As part of the Transaction, BriaCell acquired all rights, including composition of matter patents, and preclinical study data to a novel therapeutic technology platform, known as protein kinase C delta (PKCδ) inhibitors, which represents a unique, highly-targeted approach to treat cancer and to boost the immune system.

As of the acquisition date, the Company owns 100% of the outstanding shares of Sapiientia. The Company has determined that the acquisition of Sapiientia is a business combination under IFRS 3. The preliminary purchase price allocation for this acquisition is shown below:

Fair value of 2,500,000 common shares issued	\$	375,000
Total Purchase Price	\$	375,000
Cash and Cash Equivalents		149
		149
Excess attributed intellectual property		374,851
Total	\$	375,000

The allocation of the consideration paid will be adjusted once a valuation of certain intangible assets has been finalized. Management expect to complete the assessment within the next fiscal year.

8. Share Capital and Warrant Reserve

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares with no par value.

b) Issued share capital

During the three month period ended October 31, 2017, the Company incurred the following share issuance transactions:

- (i) On August 2, 2017, the Company and the Company’s President and CEO completed a non-brokered private placement resulting in gross proceeds of \$631,785. The non-brokered private placement involved the sale of 4,058,441 units at a price of \$0.16 per unit. Each Unit consisted of one common share in the capital of the Company. The Units (and securities underlying the Units) issued under the Offering will be subject to a four-month and one day hold period from the date of closing.

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017
(Unaudited)
(Expressed in Canadian Dollars)

8. Share Capital and Warrant Reserve (continued)

b) Issued share capital

(ii) On September 5, 2017 the Company issued 2,500,000 common shares to the Sapienia Shareholders, see note 7.

c) Share Purchase Warrants

A summary of changes in share purchase warrants for the three month period ending October 31, 2017 and the year ended July 31, 2016 is presented below:

	Number	Weighted Average Exercise Price
Balance, July 31, 2016	18,396,434	\$ 0.27
Granted on brokered private placement	8,500,000	0.35
Granted on non-brokered private placement	2,806,041	0.35
Granted from the exercise of Compensation Warrants and Finders' Options	471,609	0.35
Balance, July 31, 2017 and October 31, 2017	30,174,084	\$ 0.30

As at October 31, 2017, warrants outstanding were as follows:

Number Of Warrants	Exercise Price	Exercisable At October 31, 2017	Expiry Date
13,412,881	\$ 0.25	13,412,881	November 27, 2017
3,421,053	\$ 0.30	3,421,053	April 26, 2021
1,562,500	\$ 0.35	1,562,500	April 29, 2018
8,500,000	\$ 0.35	8,500,000	August 19, 2019
2,806,041	\$ 0.35	2,806,041	March 6, 2019
192,140	\$ 0.35	192,140	December 2, 2017
116,963	\$ 0.35	116,963	December 2, 2017
144,006	\$ 0.35	144,006	February 5, 2018
18,500	\$ 0.35	18,500	April 29, 2019
30,174,084		30,174,084	

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017
(Unaudited)
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8. Share Capital and Warrant Reserve (continued)

d) Compensation Warrants

A summary of changes in compensation warrants for the three month period ended October 31, 2017 and the year ended July 31, 2016 is presented below:

	Number	Weighted Average Exercise Price
Balance, July 31, 2016	1,483,813	\$ 0.19
Granted on brokered private placement	595,000	0.20
Expiration of compensation warrants	(581,019)	(0.18)
Exercised	(490,109)	(0.20)
Balance, July 31, 2017 and October 31, 2017	1,007,685	\$ 0.20

As at October 31, 2017, compensation warrants outstanding were as follows:

Number Of Compensation Warrants	Exercise Price	Exercisable at October 31, 2017	Expiry Date
273,685	0.30	273,685	April 26, 2021 (i)
139,000	0.20	139,000	April 29, 2019 (ii)
595,000	0.20	595,000	August 19, 2019 (iii)
<u>1,007,685</u>		<u>1,007,685</u>	

- i) Each compensation warrant can be exercised at \$0.18 into one unit of BriaCell comprising one common share and one share purchase warrant. Each resultant share purchase warrant acquired can be exercised into an additional common share of BriaCell at \$0.35 if exercised between November 28, 2015 and November 27, 2017, subject to accelerated exercise.
- ii) Each compensation warrant can be exercised at \$0.30 into one unit of BriaCell comprising one common share and one share purchase warrant. Each resultant share purchase warrant acquired can be exercised into an additional common share of BriaCell an exercise price of \$0.30 through to April 28, 2017 and \$0.35 for the 24 months thereafter.
- iii) Each compensation warrant can be exercised at \$0.35 into one unit of BriaCell comprising one common share and one share purchase warrant. Each resultant share purchase warrant acquired can be exercised into an additional common share of BriaCell an exercise price of \$0.30 through to August 19, 2019 and \$0.35 for the 24 months thereafter.

BriaCell Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For The Three Months Ended October 31, 2017
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8. Share Capital and Warrant Reserve (continued)

e) Shares Held in Escrow

The escrow agreement relating to the reverse takeover transaction provided for 54,282,952 shares to be held under an escrow agreement. Shares will be released from escrow equal to 10% of the initial shares subject to the agreement upon completion of the initial public offering or purchase agreement and listing on the Canadian Securities Exchange, the remaining shares will be released in 6 equal tranches (15%) every As of October 31, 2017, a total of 39,329,389 (October 31, 2016 - 23,395,919) shares have been released and a total of 14,953,563 (October 31, 2016 - 30,887,033) shares remain in escrow.

9. Share-Based Compensation and Share-Based Payment Reserve

The Company has adopted a stock option plan (the "Plan") under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of 5 years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares at the time of grant.

A summary of changes in stock options for the three month period ended October 31, 2017 and the year ended July 31, 2016 is presented below:

	Number of options outstanding	Weighted average exercise price
Balance, July 31, 2016	6,968,000	\$ 0.24
Granted	1,882,000	0.25
Cancelled	(2,768,000)	0.24
Balance, July 31, 2017 and October 31, 2017	6,082,000	\$ 0.24

- (i) The Company recognized stock based compensation expense of \$13,412 for the three months ended October 31, 2017 (three months ended October 31, 2016 \$28,889) in relation to the vesting of options issued in previous periods.

BriaCell Therapeutics Corp.
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9. Share-Based Compensation and Share-Based Payment Reserve (continued)

As at October 31, 2017, stock options were outstanding for the purchase of common shares as follows:

Number Of Options	Exercise Price	Exercisable at July 31, 2017	Expiry Date
1,700,000	\$ 0.220	1,700,000	January 15, 2018
250,000	\$ 0.220	250,000	April 8, 2018
175,000	\$ 0.300	175,000	May 4, 2018
950,000	\$ 0.255	950,000	November 4, 2025
575,000	\$ 0.255	262,500	November 4, 2020
150,000	\$ 0.210	75,000	March 22, 2020
500,000	\$ 0.255	500,000	November 4, 2018
700,000	\$ 0.255	700,000	January 15, 2018
150,000	\$ 0.250	150,000	July 31, 2018
632,000	\$ 0.250	632,000	November 1, 2019
250,000	\$ 0.200	125,000	February 14, 2020
50,000	\$ 0.210	25,000	March 20, 2020
<u>6,082,000</u>		<u>5,544,500</u>	

As at October 31, 2017, stock options outstanding have a weighted average remaining contractual life of 2.13 years. (October 31, 2016 – 3.14 years).

10. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior management, who are considered to be key management personnel by the Company. Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As at October 31, 2017, included in accounts payable and accrued liabilities are amounts owing to a company controlled by an officer in the amount of \$3,500 (October 31, 2016 – \$nil) for accounting fees; amounts owing to two companies each controlled by an individual director of \$31,500 (October 31, 2016– \$nil), for consulting fees and amounts owing to directors of \$11,239 (October 31, 2016– \$nil).

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10. Related Party Transactions (continued)

During the three month periods ended October 31, 2017 and 2016 the Company also incurred the following expenses charged by directors and key management personnel or companies controlled by these individuals:

	Three months ended	
	October 31	
	2017	2016
a) Paid or accrued professional fees to a company controlled by an officer of the Company	10,500	14,000
b) Paid or accrued consulting fees to Companies controlled by individual directors.	31,500	34,500
c) Paid or accrued wages and consulting fees to directors	67,553	25,568
d) Share based compensation to directors and officers	-	-

11. Capital Management

The Company's capital comprises share capital, share-based payment reserve, warrant reserve, and accumulated other comprehensive income (loss). The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company in order to support the Company's business activities. The Board of Directors does not establish quantitative return on capital criteria for management; it relies on the expertise of the Company's management to sustain future development of the business.

The intellectual property in which the Company currently has an interest is in the development stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned research and development and pay for administrative costs, the Company intends to raise additional amounts as needed (Note 1).

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12. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. As at October 31, 2017, the Company has a working capital balance of \$889,386 (October 31, 2016 - \$2,161,786). As a result, the Company currently has little exposure to liquidity risk. However, as described in Note 1, the Company has not yet achieved profitable operations and expects to incur further losses in the development of its products; these factors cast significant doubt about the Company's ability to continue as a going concern.

c) Market Risk

i) Interest rate risk

As the Company has cash and short term investment balances and no interest-bearing debt, interest rate risk is remote.

ii) Price risk

As the Company has no revenues, price risk is remote.

iii) Exchange risk

The Company is exposed to foreign exchange risk as its research operations are conducted primarily in the United States of America.

13. Commitments and Contingencies

a) Office Leases

On August 2016, the Company renewed its lease arrangement for office space in Berkeley, California until August 2017, and in September 2017, the agreement was renewed for a further one-year period expiring August 31, 2018. The annual lease commitment is approximately US\$30,000 plus common area maintenance charges.

b) Litigation

On July 15, 2016, two lawsuits were served against BriaCell. Both plaintiffs are claiming unpaid wages paid on miscalculation of an independent contractor and for race discrimination. The Company disputes these claims and is vigorously defending these lawsuits. The Company's legal counsel believe that the racial discrimination claims will be dismissed on motions to dismiss in December 2017 and January 2018 based on indications by the court. The claim for unpaid wages and related damages on both lawsuits is less than US\$30,000 combined for which the Company has accrued a liability in respect thereof.

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14. Events After the Reporting Period

On October 13, 2017, the Company introduced a warrant exercise incentive program (the “Warrant Incentive Program”) designed to encourage the early exercise of up to approximately 26 million outstanding common share purchase warrants (the “Warrants”).

Under the terms of the Incentive Program, the Company offered the following inducements: (i) a temporary reduction in the respective exercise prices of the Warrants to \$0.14, consistent with the current trading value of BriaCell’s shares, for each Warrant that is exercised on or before November 30, 2017 (the “Early Exercise Period”); and (ii) for each Warrant exercised during the Early Exercise Period, the holder will receive, at no additional cost, one-half of one newly issued common share purchase warrant (each an “Incentive Warrant”), with each whole Incentive Warrant exercisable into one common share for a period of 24 months from the issue date at an exercise price of \$0.20.

Any Warrants that are not exercised prior to the expiry of the Early Exercise Period will remain outstanding in accordance with their original terms, and in particular, will no longer be eligible for the reduced exercise price or issuance of Incentive Warrants.

In total, 2,043,000 warrants were exercised in connection with the Warrant Incentive Program at an exercise price of \$0.14 for aggregate gross proceeds of \$286,000. 1,021,000 additional common share purchase warrants (each an “Incentive Warrant”) were granted in connection with the Warrant Incentive Program, with each Incentive Warrant entitling the holder to purchase one additional common share of the Company at any time up to December 21, 2019 at a price of \$0.20 per common share of the Company.

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