



*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, 2018**

**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, 2018 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,<br>2018 | July 31,<br>2018    |
|---------------------------------------------------|---------------------|---------------------|
|                                                   | <u>Unaudited</u>    | <u>Audited</u>      |
| <b>ASSETS</b>                                     |                     |                     |
| <b>Current assets</b>                             |                     |                     |
| Cash and cash equivalents                         | \$ 396,241          | \$ 938,448          |
| Short-term investments                            | 741,043             | 1,341,043           |
| Amounts receivables                               | 31,118              | 18,975              |
| Prepaid expenses                                  | 149,052             | 147,734             |
| <b>Total current assets</b>                       | <b>1,317,454</b>    | <b>2,446,200</b>    |
| Security deposits                                 | 174,641             | 172,980             |
| Investments                                       | 2                   | 2                   |
| Intellectual property (Note 8)                    | 353,272             | 357,958             |
| <b>Total Assets</b>                               | <b>\$ 1,845,369</b> | <b>\$ 2,977,140</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                     |                     |
| <b>Current liabilities</b>                        |                     |                     |
| Accounts payable and accrued liabilities          | \$ 287,818          | 285,712             |
| Unsecured convertible loan (Note 7)               | 1,082,942           | 1,460,138           |
| <b>Total liabilities</b>                          | <b>1,370,760</b>    | <b>1,745,850</b>    |
| Shareholders' equity                              |                     |                     |
| Share capital (Note 9b))                          | 10,485,844          | 10,213,174          |
| Share-based payment reserve (Note 10)             | 897,292             | 905,257             |
| Warrant reserve (Note 9(c))                       | 2,917,788           | 2,907,337           |
| Accumulated other comprehensive loss              | (99,474)            | (105,514)           |
| Deficit                                           | (13,726,841)        | (12,688,964)        |
| <b>Total shareholders' equity</b>                 | <b>474,609</b>      | <b>1,231,290</b>    |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 1,845,369</b> | <b>\$ 2,977,140</b> |

Nature of Operations (Note 1)

Commitments and Contingencies (Note 14)

Events After the Reporting Period (Note 15)

These financial statements were approved and authorized for issue on behalf of the Board of Directors on December 28, 2018 by:

**On behalf of the Board:**

"Rahoul Sharan"

Director

"William Williams"

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)

|                                                      | <b>Three months ended</b> |                     |
|------------------------------------------------------|---------------------------|---------------------|
|                                                      | <b>October 31</b>         |                     |
|                                                      | <b>2018</b>               | <b>2017</b>         |
|                                                      | <b>Unaudited</b>          |                     |
| <b>Expenses:</b>                                     |                           |                     |
| Research costs                                       | \$ 993,201                | \$ 467,504          |
| General and administration costs                     | 291,028                   | 177,830             |
| Share-based compensation (Note 10)                   | 1,686                     | -                   |
| <b>Total Expenses</b>                                | <b>1,285,915</b>          | <b>645,334</b>      |
| <b>Operating Loss</b>                                | <b>(1,285,915)</b>        | <b>(645,334)</b>    |
| Interest income                                      | 4,314                     | 6,045               |
| Interest expense (Note 7)                            | (13,299)                  | -                   |
| Change in fair value of convertible debt (Note 7)    | 247,373                   | -                   |
| Foreign exchange loss                                | -                         | (1,715)             |
|                                                      | <b>238,388</b>            | <b>4,330</b>        |
| <b>Loss For The Period</b>                           | <b>(1,047,527)</b>        | <b>(641,004)</b>    |
| Foreign currency translation adjustment              | 6,040                     | (34,146)            |
|                                                      | <b>6,040</b>              | <b>(34,146)</b>     |
| <b>Comprehensive Loss for the Period</b>             | <b>\$ (1,041,487)</b>     | <b>\$ (675,150)</b> |
| <b>Basic and Fully Diluted Loss Per Share</b>        | <b>\$ (0.01)</b>          | <b>\$ (0.01)</b>    |
| <b>Weighted Average Number Of Shares Outstanding</b> | <b>160,363,484</b>        | <b>111,087,721</b>  |

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)

|                                                                | <b>Three months ended</b> |                    |
|----------------------------------------------------------------|---------------------------|--------------------|
|                                                                | <b>October 31</b>         |                    |
|                                                                | <b>2018</b>               | <b>2017</b>        |
|                                                                | <b>Unaudited</b>          |                    |
| <b>Cash flow from operating activities</b>                     |                           |                    |
| Net loss for the period                                        | \$ (1,047,527)            | \$ (641,004)       |
| Items not affecting cash:                                      |                           |                    |
| Depreciation and amortization                                  | 21,580                    | -                  |
| Share-based compensation                                       | 1,686                     | -                  |
| Change in fair value of convertible loan                       | (247,373)                 | -                  |
| Changes in non-cash working capital:                           |                           |                    |
| Amounts receivable                                             | (12,143)                  | 4,787              |
| Accounts payable and accrued liabilities                       | 107                       | (691,485)          |
|                                                                | <b>(1,437,757)</b>        | <b>(1,327,702)</b> |
| <b>Cash flow from investing activities</b>                     |                           |                    |
| Change in short-term investments                               | 600,000                   | 100,000            |
| Acquisition of Sapientia                                       | -                         | 149                |
|                                                                | <b>600,000</b>            | <b>100,149</b>     |
| <b>Cash flow from financing activities</b>                     |                           |                    |
| Units issued for cash                                          | -                         | 631,786            |
| Proceeds from exercise of warrants                             | 140,000                   | -                  |
|                                                                | <b>140,000</b>            | <b>631,786</b>     |
| <b>Decrease in cash and cash equivalents</b>                   | <b>(697,757)</b>          | <b>(595,768)</b>   |
| Effect of changes in foreign exchange rates                    | 155,550                   | (24,429)           |
| Cash and cash equivalents, beginning of period                 | 938,448                   | 1,264,429          |
| Cash and cash equivalents, end of period                       | \$ 396,241                | \$ 644,232         |
| <b>(a) Significant non-cash transactions</b>                   |                           |                    |
| 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, 2018**  
(Unaudited)  
(Expressed in Canadian Dollars)

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

|                                                                      | SHARE CAPITAL      |                      | SHARE-BASED        | WARRANT             | ACCUMULATED                    |                        | TOTAL                   |
|----------------------------------------------------------------------|--------------------|----------------------|--------------------|---------------------|--------------------------------|------------------------|-------------------------|
|                                                                      | SHARES             | AMOUNT               | PAYMENT<br>RESERVE | RESERVE             | OTHER<br>COMPREHENSIVE<br>LOSS | ACCUMULATED<br>DEFECIT | SHAREHOLDERS'<br>EQUITY |
| Balance, July 31, 2018                                               | 158,896,752        | 10,213,174           | 905,257            | 2,907,337           | (105,514)                      | (12,688,964)           | 1,231,290               |
| Issuance of shares on conversion of Convertible Notes (Note 9(b)(i)) | 1,431,218          | 88,895               | -                  | 54,226              | -                              | -                      | 143,121                 |
| Exercise of warrants (Note 9(b)(ii))                                 | 1,000,000          | 174,140              | -                  | (34,140)            | -                              | -                      | 140,000                 |
| Expiration of warrants (Note 9(c)(i))                                | -                  | 9,635                | -                  | (9,635)             | -                              | -                      | -                       |
| Share-based compensation (Note 10)                                   | -                  | -                    | 1,685              | -                   | -                              | -                      | 1,685                   |
| Expiration of options                                                | -                  | -                    | (9,650)            | -                   | -                              | 9,650                  | -                       |
| Foreign exchange translation                                         | -                  | -                    | -                  | -                   | 6,040                          | -                      | 6,040                   |
| Loss for the period                                                  | -                  | -                    | -                  | -                   | -                              | (1,047,527)            | (1,047,527)             |
| <b>Balance, October 31, 2018</b>                                     | <b>161,327,970</b> | <b>\$ 10,485,844</b> | <b>897,292</b>     | <b>\$ 2,917,788</b> | <b>\$ (99,474)</b>             | <b>(13,726,841)</b>    | <b>\$ 474,609</b>       |

  

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

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, 2018**  
(Unaudited)  
(Expressed in Canadian Dollars)

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**1. Nature of Operations and Going Concern**

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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 15<sup>th</sup> Street, West Vancouver, British Columbia, V7T 2X1.

BriaCell is an immuno-oncology biotechnology company. BriaCell owns the US patent to BriaVax™, a whole-cell cancer vaccine (US Patent No.7674456) (the “Patent”). The Company is currently advancing its vaccine program, BriaVax™, to complete a 24-subject Phase I/IIa clinical trial and by research activities in the context of BriaDx™, a companion diagnostic test to identify patients likely benefitting from BriaVax™.

The accompanying consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception of \$13,726,841 (2017 - \$8,328,600), is currently in the development stage, and has not commenced commercial operations. The Company’s ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. As at October 31, 2018, the Company had not yet completed the clinical development of or achieved regulatory approval to market BriaVax™, its lead product candidate and expects to incur further losses; the nature of a development stage immune-oncology company requires the raising of financial capital to support its clinical development programs and administrative costs. The uncertainty of the Company’s ability to raise such financial capital casts significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

These consolidated financial statements were authorized for issue by the Board of Directors on December 28, 2018.

**2. Basis of Presentation**

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***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, 2018.

**BriaCell Therapeutics Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three Months Ended October 31, 2018**  
(Unaudited)  
(Expressed in Canadian Dollars)

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**2. Basis of Presentation (continued)**

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***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***

These 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 owned subsidiary 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.

**3. Significant Accounting Policies**

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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, 2018. 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, 2018.

**4. Standards Issued but Not Yet Effective**

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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. Management assesses that the adoption of IFRS 9 will not have a significant impact to the consolidated financial statements.



**BriaCell Therapeutics Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three Months Ended October 31, 2018**  
(Unaudited)  
(Expressed in Canadian Dollars)

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**4. Standards Issued but Not Yet Effective (continued)**

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- (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 determined there will not be a significant impact to the consolidated financial statements as a result of the adoption of this 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 the Company's accounts for its insurance contracts and how it reports its financial performance in our consolidated statements of operations. The Company has yet to evaluate the impact of this new standard.

**5. Significant Accounting Judgments and Estimates**

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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.

**BriaCell Therapeutics Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three Months Ended October 31, 2018**  
(Unaudited)  
(Expressed in Canadian Dollars)

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**6. Financial Instruments**

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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.

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:

**BriaCell Therapeutics Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three Months Ended October 31, 2018**  
(Unaudited)  
(Expressed in Canadian Dollars)

**6. Financial Instruments (continued)**

| 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<br>VALUE<br>INPUT<br>LEVEL | As at<br>October 31, 2018 |                         | As at<br>July 31, 2018 |                         |
|---------------------------|---------------------------------|---------------------------|-------------------------|------------------------|-------------------------|
|                           |                                 | CARRYING<br>AMOUNT        | ESTIMATED<br>FAIR VALUE | CARRYING<br>AMOUNT     | ESTIMATED<br>FAIR VALUE |
| Financial Assets:         |                                 |                           |                         |                        |                         |
| Cash and cash equivalents | 1                               | \$ 396,241                | \$ 396,241              | \$ 938,448             | \$ 938,448              |
| Short-term investments    | 2                               | \$ 741,043                | \$ 741,043              | \$ 1,341,043           | \$ 1,341,043            |

**7. Unsecured convertible loan**

On March 16, 2018, concurrent with the brokered unit offering, the Company completed a brokered private placement for the purchase of 5.0% unsecured convertible notes (each, a "Convertible Note") in the principal amount of US\$885,000. Under the terms of securities purchase agreements between the Company and the purchasers of Convertible Notes (the "Noteholders"), each Convertible Note is convertible, at the option of the holder, into (i) common shares of BriaCell for so long as the Convertible Note is outstanding, at a fixed conversion price of \$0.10 per common share, for a period of nine months from the date of issuance, which may be extended by the applicable holder for up to nine additional nine month terms at the holder's sole option, and (ii) for each common share issued as a result of conversion, one warrant. The warrants are valid for 36 months from their issuance date and each warrant is exercisable for one common share at an exercise price of \$0.14. The repayment date of the Convertible Notes was September 16, 2018. On September 17, 2018, the Company and the Noteholders agreed to extend the repayment date of the Convertible Notes for an additional six months, to March 20, 2019.

**BriaCell Therapeutics Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three Months Ended October 31, 2018**  
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**7. Unsecured Convertible Loan (continued)**

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During the year ended July 31, 2018, Noteholders converted \$106,843 of Convertible Notes into 1,068,426 shares and 1,068,426 warrants.

During the three months ended October 31, 2018, an additional \$143,122 of Convertible Notes were converted and as such, the Company issued 1,431,218 shares and 1,431,218 warrants.

The Convertible Notes are denominated in US dollars and convertible into common shares and warrants based on the principal and interest balance translated to Canadian dollars. Management determined that the Convertible Notes represent a combined instrument that contains an embedded derivative, being the conversion option. As a result of the foreign exchange impact on the conversion factor, the conversion option does not meet the fixed for fixed criteria and therefore represents a derivative liability. In accordance with IAS 39, the Company has designated the entire Unsecured Convertible Loan at fair value through profit or loss. The Unsecured Convertible Loan was initially recorded at fair value and re-valued at each reporting date with changes in fair value being charged to interest expenses in the consolidated statements of comprehensive loss.

**Fair value determination**

The fair value of the Convertible Notes, including the increase thereto, has been determined using a combination of the Black-Scholes option pricing model for the equity conversion portion and the discounted cash flow method for the loan portion.

The following assumptions were used to determine the fair value of the Convertible Notes:

|                           | <b>July 31, 2018</b> | <b>October 31, 2018</b> |
|---------------------------|----------------------|-------------------------|
|                           | (at year end)        | (at period end)         |
| Risk-free interest rate   | 1.88%                | 2.12%                   |
| Expected volatility       | 88%                  | 96%                     |
| Share price               | \$0.14               | \$0.14                  |
| Expected dividend yield   | 0%                   | 0%                      |
| Annual loan interest rate | 5%                   | 5%                      |
| CAD/USD rate              | 1.3017               | 1.3142                  |

As at October 31, 2018, the fair value of the amount owed to the Noteholders, including accrued interest was \$1,082,942. Total interest expenses and gain due to changes in fair value, charged to the consolidated statements of operations and comprehensive loss were \$13,299 and \$247,373 respectively.

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**8. Intellectual Property**

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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.

The attributable intellectual property relates to Sapiientia’s various patents, which the Company is amortizing over 20 years, consistent with its accounting policy. During the three months ended October 31, 2018, the Company recorded \$4,686 in amortization on intellectual property (2017 - \$nil).

|                                 | Sapiientia        |
|---------------------------------|-------------------|
| <b>Cost</b>                     |                   |
| As at July 31, 2017             | \$ -              |
| Additions                       | 374,852           |
| As at July 31, 2018             | 374,852           |
| Additions                       | -                 |
| <b>As at October 31, 2018</b>   | <b>374,852</b>    |
| <b>Accumulated Amortization</b> |                   |
| As at July 31, 2017             | -                 |
| Amortization                    | 16,894            |
| As at July 31, 2018             | 16,894            |
| Amortization                    | 4,686             |
| <b>As at October 31, 2018</b>   | <b>21,580</b>     |
| <b>Net Book Value</b>           |                   |
| As at July 31, 2017             | -                 |
| As at July 31, 2018             | 357,958           |
| <b>As at October 31, 2018</b>   | <b>\$ 353,272</b> |

**9. Share Capital and Warrant Reserve**

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**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, 2018, the Company incurred the following share issuance transactions:

(i) 1,431,218 shares were issued at \$0.10 per share in respect of the partial conversion of certain Convertible Notes (Note 7). Upon exercise of these Convertible Notes, Noteholders received 1,431,218 warrants with an exercise price of \$0.14, expiring within three years. The fair value of the warrants was \$54,227. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - \$0.135; exercise price - \$0.14; expected life - 36 months; annualized volatility - 100.7%; dividend yield - 0%; risk free rate - 2.2%.

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**9. Share Capital and Warrant Reserve (continued)**

**b) Issued share capital (continued)**

(ii) 1,000,000 shares were issued in respect of 1,000,000 warrants that were exercised at an exercise price of \$0.14 for gross proceeds of \$140,000. The fair value of the warrants in the amount of \$34,140 was released from the Warrant reserve to Share capital.

**c) Share Purchase Warrants**

A summary of changes in share purchase warrants for the three-month period ending October 31, 2018 and the year ended July 31, 2018 is presented below:

|                                                             | Number      | Weighted<br>Average<br>Exercise<br>Price |
|-------------------------------------------------------------|-------------|------------------------------------------|
| Balance, July 31, 2018                                      | 60,448,445  | \$ 0.19                                  |
| Exercised Brokered Unit Offering (Note 9(b)(ii))            | (1,000,000) | 0.14                                     |
| Granted from conversion of Convertible Notes (Note 9(b)(i)) | 1,431,2188  | 0.14                                     |
| Expired during the period (i)                               | (309,103)   | 0.35                                     |
| Balance, October 31, 2018                                   | 60,570,560  | \$ 0.19                                  |

(i) 309,103 warrants with a fair value of \$9,635 expired and the Company recorded a charge to the warrant reserve with a corresponding credit to accumulated deficit.

As at October 31, 2018, warrants outstanding were as follows:

| Number<br>of<br>Warrants | Exercise<br>Price | Exercisable<br>At<br>31-Jul-18 | Expiry<br>Date      |
|--------------------------|-------------------|--------------------------------|---------------------|
| 3,421,053                | \$ 0.30           | 3,421,053                      | April 26, 2021      |
| 8,500,000                | \$ 0.35           | 8,500,000                      | August 19, 2019     |
| 2,806,041                | \$ 0.35           | 2,806,041                      | March 9, 2019       |
| 1,021,500                | \$ 0.20           | 1,021,500                      | December 21, 2019   |
| 42,322,322               | \$ 0.14           | 42,322,322                     | March 27, 2021      |
| 2,499,644                | \$ 0.14           | 2,499,644                      | July - October 2021 |
| <u>60,570,560</u>        |                   | <u>60,570,560</u>              |                     |

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**9. Share Capital and Warrant Reserve (continued)**

**d) Compensation Warrants**

A summary of changes in compensation warrants for the three-month period ended October 31, 2018 and the year ended July 31, 2018 is presented below:

|                                                    |                  |           |             |
|----------------------------------------------------|------------------|-----------|-------------|
| Balance, July 31, 2017                             | 1,007,685        | \$        | 0.20        |
| Grant on brokered private placement                | 2,613,350        |           | 0.14        |
| Grant from placement of Convertible Notes          | 1,250,000        |           | 0.14        |
| Expired during the period                          | (139,000)        |           | (0.20)      |
| <b>Balance, July 31, 2018 and October 31, 2018</b> | <b>4,732,035</b> | <b>\$</b> | <b>0.15</b> |

As at October 31, 2018, compensation warrants outstanding were as follows:

| <b>Number Of<br/>Compensation<br/>Warrants</b> | <b>Exercise<br/>Price</b> | <b>Exercisable at<br/>October 31, 2018</b> | <b>Expiry Date</b>   |
|------------------------------------------------|---------------------------|--------------------------------------------|----------------------|
| 273,685                                        | \$ 0.30                   | 273,685                                    | April 26, 2021 (i)   |
| 595,000                                        | \$ 0.20                   | 595,000                                    | August 19, 2019 (ii) |
| 1,250,000                                      | \$ 0.14                   | 1,250,000                                  | March 27, 2021 (iii) |
| 2,613,350                                      | \$ 0.14                   | 2,613,350                                  | March 27, 2021 (iii) |
| <b>4,732,035</b>                               |                           | <b>4,732,035</b>                           |                      |

- i) 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 at \$0.35 if exercised by April 26, 2021.
- ii) Each compensation warrant can be exercised at \$0.20 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.
- iii) Each compensation warrant can be exercised at \$0.14 into one common share of BriaCell for a period of 36 months.

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**10. Share-Based Compensation and Share-Based Payment Reserve**

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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, 2018 and the year ended July 31, 2018 is presented below:

|                                                    | <b>Number of<br/>options<br/>outstanding</b> | <b>Weighted<br/>average<br/>exercise price</b> |
|----------------------------------------------------|----------------------------------------------|------------------------------------------------|
| Balance, July 31, 2017                             | 6,082,000                                    | 0.24                                           |
| Granted                                            | 6,165,600                                    | 0.15                                           |
| Cancelled                                          | (175,000)                                    | (0.30)                                         |
| Expired                                            | (2,650,000)                                  | (0.23)                                         |
| <b>Balance, July 31, 2018 and October 31, 2018</b> | <b>9,422,600</b>                             | <b>\$ 0.18</b>                                 |
| Expired                                            | (150,000)                                    | (0.25)                                         |
| <b>Balance, October 31, 2018</b>                   | <b>9,272,600</b>                             | <b>\$ 0.18</b>                                 |

- (i) The Company recognized stock-based compensation expense of \$1,686 for the three months ended October 31, 2018 (three months ended October 31, 2017 \$13,412) in relation to the vesting of options issued in previous periods.



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**10. Share-Based Compensation and Share-Based Payment Reserve (continued)**

As at October 31, 2018, stock options were outstanding for the purchase of common shares as follows:

| <b>Number<br/>Of<br/>Options</b> | <b>Exercise<br/>Price</b> | <b>Exercisable At<br/>October 31,<br/>2018</b> | <b>Expiry<br/>Date</b> |
|----------------------------------|---------------------------|------------------------------------------------|------------------------|
| 950,000                          | \$ 0.255                  | 950,000                                        | November 4, 2025       |
| 575,000                          | \$ 0.255                  | 418,750                                        | November 4, 2020       |
| 150,000                          | \$ 0.210                  | 112,500                                        | March 22, 2020         |
| 500,000                          | \$ 0.255                  | 500,000                                        | November 4, 2018       |
| 632,000                          | \$ 0.250                  | 632,000                                        | November 1, 2019       |
| 250,000                          | \$ 0.200                  | 312,500                                        | February 14, 2020      |
| 50,000                           | \$ 0.210                  | 62,500                                         | March 20, 2020         |
| 3,400,000                        | \$ 0.150                  | 3,400,000                                      | Mar 1, 2021            |
| 500,000                          | \$ 0.200                  | 375,000                                        | March 10, 2022         |
| 2,015,600                        | \$ 0.140                  | 1,511,700                                      | May 1, 2021            |
| 250,000                          | \$ 0.140                  | 125,000                                        | July 1, 2023           |
| <u>9,272,600</u>                 |                           | <u>8,399,950</u>                               |                        |

As at October 31, 2018, stock options outstanding have a weighted average remaining contractual life of 2.67 years. (October 31, 2017 – 2.13 years).

**11. 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, 2018, included in accounts payable and accrued liabilities are amounts owing to a company controlled by an officer in the amount of \$6,000 (October 31, 2017 – \$3,500) for accounting fees; amounts owing to two companies each controlled by an individual director of \$7,000 (October 31, 2017– \$31,500), for consulting fees and amounts owing to directors of \$7,544 (October 31, 2017– \$11,239).

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**11. Related Party Transactions (continued)**

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During the three-month periods ended October 31, 2018 and 2017 the Company also incurred the following expenses charged by directors and key management personnel or companies controlled by these individuals:

|                                                                                           | <b>Three months ended</b> |             |
|-------------------------------------------------------------------------------------------|---------------------------|-------------|
|                                                                                           | <b>October 31</b>         |             |
|                                                                                           | <b>2018</b>               | <b>2017</b> |
| a) Paid or accrued professional fees to a company controlled by an officer of the Company | <b>15,200</b>             | 10,500      |
| b) Paid or accrued consulting fees to Companies controlled by individual directors.       | <b>33,000</b>             | 31,500      |
| c) Paid or accrued wages and consulting fees to directors                                 | <b>64,950</b>             | 67,553      |
| d) Share based compensation to directors and officers                                     | -                         | -           |

**12. Capital Management**

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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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**13. Financial Risk Factors**

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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, 2018, the Company has a negative working capital balance of \$53,306 (October 31, 2017 - \$889,386). 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.

**14. Commitments and Contingencies**

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The Company's lease arrangement for office space in Berkeley, California end in August 2019 and the annual lease commitment is approximately US\$50,000 plus common area maintenance charges.

**15. Events After the Reporting Period**

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Subsequent to the balance sheets date, an additional \$238,125 Convertible Notes were converted into 2,381,250 shares and 2,381,250 warrants.

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