**Condensed unaudited interim consolidated financial statements of Helix BioPharma Corp.**
**For the three-month periods ended October 31, 2019 and 2018**

The Company's auditors have not reviewed the condensed unaudited interim consolidated financial statements for the three-month periods ended October 31, 2019 and 2018.

# HELIX BIOPHARMA CORP.

**Consolidated Statement of Financial Position**
In thousands of Canadian dollars
Unaudited

| As at: | October 31, 2019 | July 31, 2019 |
|---|---|---|
| ***ASSETS*** | | |
| **Non-current assets** | | |
| Property, plant and equipment (*note 4)* | $ 236 | $ 253 |
| | 236 | 253 |
| **Current assets** | | |
| Prepaid expenses | 350 | 191 |
| Accounts receivable | 199 | 290 |
| Cash | 1,650 | 206 |
| | 2,199 | 687 |
| **Total assets** | $ 2,435 | $ 940 |
| ***SHAREHOLDERS' DEFICIENCY AND LIABILITIES*** | | |
| **Shareholders' equity / (deficiency)** (*note 5*) | $ 666 | $ (3,281) |
| **Current liabilities** | | |
| Deferred government grant (*note 12*) | 63 | 124 |
| Accrued liabilities | 196 | 1,057 |
| Accounts payable | 1,510 | 3,040 |
| | 1,769 | 4,221 |
| **Total liabilities and shareholders' equity / (deficiency)** | $ 2,435 | $ 940 |

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

# HELIX BIOPHARMA CORP.

**Consolidated Statement of Net Loss and Comprehensive Loss**
In thousands of Canadian dollars, except per share amounts
Unaudited

| | October 31, 2019 | October 31, 2018 |
|---|---|---|
| **Expenses** | | |
| Research and development *(note 10)* | 1,511 | 1,014 |
| Operating, general and administration *(note 11)* | 709 | 373 |
| **Results from operating activities before finance items** | (2,220) | (1,387) |
| **Finance items** | | |
| Finance income | 10 | 1 |
| Finance expense | (6) | (12) |
| Foreign exchange gain (loss) | 5 | 19 |
| | 9 | 8 |
| **Net loss and total comprehensive loss including non-controlling interest** | $ (2,211) | $ (1,379) |
| Add: Net loss and comprehensive loss attributable to non-controlling interest *(note 13)* | 35 | – |
| **Net loss and total comprehensive loss attributable to Helix BioPharma Corp.** | $ (2,176) | $ (1,379) |
| **Loss per common share** | | |
| Basic | $ (0.02) | $ (0.01) |
| Diluted | $ (0.02) | $ (0.01) |
| Weighted average number of common shares used in the calculation of basic and diluted loss per share | 121,818,006 | 103,646,025 |

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

## HELIX BIOPHARMA CORP.

**Consolidated Statement of Changes in Shareholders' Equity**
In thousands of Canadian dollars, except common share and warrant numbers
Unaudited

| | Common shares | | Share purchase warrants | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | Number | Amount | Number | Options | Contributed surplus | Deficit | NCI | Total shareholders equity |
| July 31, 2018 | $ 125,565 | 102,809,579 | $13,362 | 35,078,975 | $ 683 | $22,868 | $(164,005) | $ – | $ (1,527) |
| Net loss for the period | – | – | – | – | – | – | (1,379) | – | (1,379) |
| Non-controlling interest | – | – | – | – | – | – | – | – | – |
| Common stock, issued | 940 | 1,347,000 | – | – | – | – | – | – | 940 |
| Warrants, issued | – | – | 313 | 1,347,000 | – | – | – | – | 313 |
| Warrants, expired unexercised | – | – | (43) | (122,000) | – | 43 | – | – | – |
| Warrants exercised | – | – | – | – | – | – | – | – | – |
| Stock-based compensation | – | – | – | – | 2 | – | – | – | 2 |
| Options, exercised | – | – | – | – | – | – | – | – | – |
| Options, cancelled | – | – | – | – | – | – | – | – | – |
| Options, expired unexercised | – | – | – | – | (160) | 160 | – | – | – |
| October 31, 2018 | $ 126,505 | 104,156,579 | $13,632 | 36,303,975 | $ 525 | $23,071 | $(165,384) | $ – | $ (1,651) |

| | Common shares | | Share purchase warrants | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | Number | Amount | Number | Options | Contributed surplus | Deficit | NCI | Total shareholders equity |
| July 31, 2019 | $ 129,532 | 111,225,501 | $14,763 | 43,372,897 | $ 640 | $23,315 | (171,531) | $ – | $ (3,281) |
| Net loss for the period | – | – | – | – | – | – | (2,176) | (35) | (2,211) |
| Non-controlling interest | – | – | – | – | – | – | – | 656 | 656 |
| Common stock, issued | 3,452 | 13,725,500 | – | – | – | – | – | – | 3,452 |
| Warrants, issued | – | – | 1,978 | 13,725,500 | – | – | – | – | 1,978 |
| Warrants, expired unexercised | – | – | – | – | – | – | – | – | – |
| Warrants exercised | – | – | – | – | – | – | – | – | – |
| Stock-based compensation | – | – | – | – | 72 | – | – | – | 72 |
| Options, exercised | – | – | – | – | – | – | – | – | – |
| Options, cancelled | – | – | – | – | – | – | – | – | – |
| Options, expired unexercised | – | – | – | – | – | – | – | – | – |
| October 31, 2019 | $ 132,984 | 124,951,001 | $16,741 | 57,098,397 | $ 712 | $23,315 | $(173,707) | $621 | $ 666 |

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

## HELIX BIOPHARMA CORP.

**Consolidated Statement of Cash Flows**
In thousands of Canadian dollars
Unaudited

| | October 31, 2019 | July 31, 2019 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss and total comprehensive loss including non-controlling interest | $ (2,211) | $ (1,379) |
| Adjustments, including non-controlling interest to net cash provided by operations: | | |
| Items not involving cash: | | |
| Depreciation of property, plant and equipment | 17 | 35 |
| Stock-based compensation | 72 | 2 |
| Foreign exchange gain | (5) | (19) |
| Change in non-cash working capital: | | |
| Accounts receivable | 91 | 74 |
| Prepaid expenses | (159) | (230) |
| Accounts payable | (1,530) | 976 |
| Accrued liabilities | (861) | (211) |
| Deferred liabilities | (61) | (8) |
| **Net cash used in operating activities** | (4,647) | (760) |
| **Cash flows from financing activities** | | |
| Proceeds from the issuance of common shares and share purchase warrants, net of issue costs | 5,430 | 1,253 |
| **Net cash provided by financing activities** | 5,430 | 1,253 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | – | (7) |
| Net proceeds from the sale of subsidiary minority interest | 656 | – |
| **Net cash provided / (used) in investing activities** | 656 | (7) |
| **Foreign exchange gain / (loss) on cash** | 5 | 19 |
| **Net increase in cash** | $ 1,444 | $ 505 |
| **Cash, beginning of period** | 206 | 366 |
| **Cash, end of period** | $ 1,650 | $ 871 |

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

Helix BioPharma Corp. (the "Company"), incorporated under the *Canada Business Corporations Act,* is an immune-oncology company primarily focused in the areas of cancer prevention and treatment. The Company has funded its research and development activities, mainly through the issuance of common shares and warrants. The Company expects to incur additional losses and therefore will require additional financial resources, on an ongoing basis. It is not possible to predict the outcome of future research and development activities or the financing thereof.

## 1. Basis of presentation and going concern

These consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent mainly on obtaining additional financing. The Company does not have sufficient cash to meet anticipated cash needs for working capital and capital expenditures through the next twelve months.

The Company reported a consolidated net loss and total comprehensive loss including non-controlling interest of $2,211,000 for the three-month period ended October 31, 2019 (October 31, 2018 - $1,379,000). The Company sold a 25% minority interest in its Polish subsidiary on August 21, 2019. As at October 31, 2019 the Company has working capital of $430,000, shareholders' equity of $666,000 and a deficit of $173,707,000. As at July 31, 2019 the Company had a working capital deficiency of $3,534,000, shareholders' deficiency of $3,281,000 and a deficit of $171,531,000. The Company will require additional financing in the immediate near term and in the future to see the current research and development initiates through to completion. There can be no assurance however, that additional financing can be obtained in a timely manner, or at all.

Not raising sufficient additional financing on a timely basis may result in delays and possible termination of all or some of the Company's research and development initiatives, and as a result, may cast significant doubt as to the ability of the Company to operate as a going concern and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. These consolidated financial statements do not include any adjustments to the carrying amount and classification of reported assets, liabilities and expenses that might be necessary should the Company not be successful in its aforementioned initiatives. Any such adjustments could be material. The Company cannot predict whether it will be able to raise the necessary funds it needs to continue as a going concern.

*Statement of compliance*

These condensed unaudited interim consolidated financial statements have been prepared in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). The notes presented in these condensed unaudited interim consolidated financial statements include only significant events and transactions occurring since the Company's last fiscal year end and are not fully inclusive of all matters required to be disclosed in its annual audited consolidated financial statements.

The policies applied in these condensed unaudited interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed unaudited interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on December 12, 2019.

*Use of estimates and critical judgment*

The preparation of the Company's financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. Actual outcomes may differ from these estimates that could require a material adjustment to the reported carrying amounts in the future.

The most significant critical estimates and judgments made by management include the following:

a) Going Concern

Significant judgments related to the Company's ability to continue as a going concern are disclosed in the first paragraph above in Note 1.

b) Clinical study expenses

Clinical study expenses are accrued based on services received and efforts expanded pursuant to contracts with contract research organizations ("CROs"), consultants, clinical study sites and other vendors. In the normal course of business, the Company contracts with third parties to perform various clinical study activities. The financial terms of these agreements vary from contract to contract and are subject to negotiations that may result in uneven payment outflows. Payments under the contracts depend on

Tabular dollar amounts in thousands of Canadian dollars, except per share amounts

various factors such as the achievement of certain events, the successful enrolment of patients or the completion of portions of the clinical study and/or other similar conditions. The Company determines the accruals by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal personnel and external providers as to the progress or stage of completion of the clinical studies or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of the Company's clinical studies is uncertain, subject to risk and may change depending upon a number of factors, including the Company's clinical development plans and trial protocols.

c) Valuation of share-based compensation and warrants

Management measures the costs for share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, future employee turnover rates, and future exercise behaviours. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

d) Income taxes

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At the current statement of financial position date, no deferred tax assets have been recognized in these financial statements.

e) Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the carrying value of the asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or cash-generating unit). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Management evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

*Functional and presentation currency*

The functional and presentation currency of the Company is the Canadian dollar.

## 2. Significant accounting policies

The Company's significant accounting policies were outlined in the Company's annual audited consolidated financial statements for the fiscal year ended July 31, 2019 and have been applied consistently to all periods presented in these condensed unaudited interim consolidated financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these condensed unaudited interim consolidated financial statements. These condensed unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the fiscal year ended July 31, 2019

The following table summarizes the Company's subsidiaries as at October 31, 2019:

| | Date of Incorporation | Jurisdiction | Ownership |
|---|---|---|---|
| Helix BioPharma Inc. | December 4, 2000 | USA | 100% by Helix BioPharma Corp. |
| Helix Product Development (Ireland) Limited | March 24, 2004 | Ireland | 100% by Helix BioPharma Corp. |
| Helix Immuno-Oncology S.A. | July 6, 2013 | Poland | 75% by Helix BioPharma Corp. |

These consolidated financial statements include the accounts of the Company and its subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The consolidated financial statements consolidate all wholly owned subsidiaries and presents the third-party's portion of the Company's net loss and comprehensive loss, net assets and comprehensive loss as noncontrolling interest. Noncontrolling interest is included as a component of equity. On August 21, 2019 the Company disposed of a 25% stake in Helix Immuno-Oncology S.A.

*Cash*

The Company considers cash on hand, deposits in banks and bank term deposits with maturities of 90 days or less as cash.

*Property, plant and equipment*

Property, plant and equipment are recorded at cost less accumulated depreciation. Impairment charges are included in accumulated depreciation.

Depreciation is provided using the following methods and estimated useful life:

| Asset | Basis | Rate |
|---|---|---|
| Computer equipment and software | Straight line | 3 years |
| Furniture and fixtures | Straight line | 5 years |
| Research and manufacturing equipment | Straight line | 4-10 years |
| Leasehold improvements | Straight line | Lease term |

*Research and development costs*

Research costs are expensed as incurred. Development costs are expensed as incurred except for those which meet the criteria for deferral, in which case, the costs are capitalized and amortized to operations over the estimated period of benefit. No costs have been deferred to date.

*Investment tax credits*

The Company is entitled to Canadian federal and provincial investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits are accounted for as a reduction of the related expenditure for items of a current nature and a reduction of the related asset cost for items of a capital nature, provided that the Company has reasonable assurance that the tax credits will be realized.

*Stock-based compensation*

The Company accounts for stock-based compensation and other stock-based payments awarded to employees in accordance with the fair value method. The fair value of stock options granted is determined at the appropriate measurement date using the Black-Scholes option pricing model, and generally expensed over the options' vesting period for employee awards. Awards with graded vesting are considered multiple awards for fair value measurement and stock-based compensation calculation. In determining the expense, the Company accounts for forfeitures using an estimate based on historical trends. When stock-based compensation and other stock-based payments are awarded to persons other than non-employees, share capital is increased for the fair value of goods and services received.

*Foreign currency translation*

The Company's currency of presentation is the Canadian dollar, which is also the Company's functional currency. Foreign currency-denominated items are translated into Canadian dollars. Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the balance sheet dates. Non-monetary items are translated at historical exchange rates. Revenue and expenses are translated at the exchange rates prevailing at their respective transaction dates. Exchange gains and losses arising on translation are included in income.

*Income taxes*

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of certain existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. Given the Company's history of net losses and expected future losses, the Company is of the opinion that it is probable that these tax assets will not be realized in the foreseeable future and therefore, the deferred tax asset has not been recognized.

*Financial instruments*

The Company's financial assets and liabilities are initially recorded at fair value and subsequently measured based on their assigned classifications as follows. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

| Asset / Liability | Classification |
|---|---|
| Cash | Amortized Cost |
| Account Receivable | Amortized Cost |
| Accounts Payable | Amortized Cost |
| Accrued Liabilities | Amortized Cost |

*De-recognition of financial assets and liabilities*

De-recognition is applied for all or part of a financial asset when the contractual rights to the cash flows and benefits from the financial asset expire, the Company loses controls of the assets, or the Company substantially transfers the significant risks and rewards of ownership of the asset.

De-recognition is applied for all or part of a financial liability when the liability is extinguished due to cancellation or discharge or expiry of the obligation.

*Impairment*

(i) Financial assets:
On an individual basis, material financial assets are assessed for indicators of impairment at the end of each reporting period. Other individually non-material financial assets are tested as a group of financial assets based on similar risk characteristic. Financial assets are considered to be impaired when based upon an expected loss model as prescribed by IFRS 9, taking into consideration both historic and forward-looking information.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's effective interest rate. Impairment losses are recognized in income and reflected in an allowance account against the respective financial asset.

(ii) Non-financial assets:
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or cash-generating units. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses recognized in prior periods are assessed each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

*Basic and diluted loss per common share*

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. The inclusion of the Company's stock options and warrants in the computation of diluted loss per share has an anti-dilutive effect on the loss per share and, therefore, they have been excluded from the calculation of diluted loss per share.

*Government Grants and Disclosure of Government Assistance*

Government grant funds are recognised in income when there is reasonable assurance that the Company has complied with the conditions attached to them and that the grant funds will be received. Grant funds receivable are recognized in income over the periods in which the entity recognizes as expenses, the related costs for which the grant is intended to compensate.

Tabular dollar amounts in thousands of Canadian dollars, except per share amounts

## 3. New accounting standards and pronouncements not yet adopted

***New accounting standards***

*IFRS 15 Revenue from Contracts with Customers*

The Company currently has no revenue stream as it is still in the research and development stage. As it evolves out of that stage, the Company will have a closer look at how this standard will impact how it recognizes revenue.

***Future accounting standards***

New accounting standards and pronouncements issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing includes standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Certain pronouncements have been issued by the IASB or International Financial Reporting Interpretations Committee. Many of these updates are not applicable or are inconsequential to the Company and have been excluded from the discussion below:

*IFRS 16, Leases*

In January 2016, the IASB has issued IFRS 16 *Leases* ("IFRS 16"), its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be effective from January 1, 2019 with limited early application permitted. The Company is evaluating the impact of the new standard on its results of operations, financial position and disclosures.

## 4. Property, plant and equipment

| | October 31, 2019 | | | July 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation | Net book value | Cost | Accumulated depreciation | Net book value |
| Research equipment | $ 1,689 | $ 1,463 | $ 226 | $ 1,689 | $ 1,448 | $ 241 |
| Manufacturing equipment | 402 | 402 | – | 402 | 402 | – |
| Leasehold improvements | 359 | 359 | – | 359 | 359 | – |
| Computer equipment | 109 | 106 | 3 | 109 | 105 | 4 |
| Computer software | 62 | 61 | 1 | 62 | 61 | 1 |
| Furniture and fixtures | 22 | 16 | 6 | 22 | 15 | 7 |
| | $ 2,643 | $ 2,407 | $ 236 | $ 2,643 | $ 2,390 | $ 253 |

## 5. Shareholders' deficiency

*Preferred shares*

Authorized 10,000,000 preferred shares.
As at October 31, 2019 and July 31, 2019 the Company had nil preferred shares issued and outstanding.

*Common shares and share purchase warrants*

Authorized unlimited common shares without par value.
As at October 31, 2019 the Company had 124,951,001 (July 31, 2019 – 111,225,501) common shares issued and outstanding.

On August 8, 2018, the Company completed a private placement, issuing a total of 682,000 units at $1.20 per unit for gross proceeds of approximately $818,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until August 7, 2023. Of the gross proceeds amount, $212,000 was allocated to the share purchase warrants based on fair value and the residual amount of $606,000 was allocated to the common shares. Share issue costs totalling $157,000 were proportionately allocated to the share purchase warrants ($41,000) and the common shares ($116,000), respectively.

On September 10, 2018, the Company completed a private placement, issuing a total of 380,000 units at $1.20 per unit for gross proceeds of approximately $456,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until September 9, 2023. Of the gross proceeds amount, $128,000 was allocated to the share purchase warrants based on fair value and the residual amount of $328,000 was allocated to the common shares. Share issue costs totalling $111,000 were proportionately allocated to the share purchase warrants ($31,000) and the common shares ($80,000), respectively.

On October 30, 2018, the Company completed a private placement, issuing a total of 285,000 units at $1.20 per unit for gross proceeds of approximately $342,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until October 29, 2023. Of the gross proceeds amount, $61,000 was allocated to the share purchase warrants based on fair value and the residual amount of $281,000 was allocated to the common shares. Share issue costs totalling $95,000 were proportionately allocated to the share purchase warrants ($17,000) and the common shares ($78,000), respectively.

On December 6, 2018, the Company completed a private placement, issuing a total of 726,000 units at $1.20 per unit for gross proceeds of approximately $871,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until December 5, 2023. Of the gross proceeds amount, $184,000 was allocated to the share purchase warrants based on fair value and the residual amount of $687,000 was allocated to the common shares. Share issue costs totalling $150,000 were proportionately allocated to the share purchase warrants ($32,000) and the common shares ($118,000), respectively.

On December 20, 2018, the Company completed a private placement, issuing a total of 285,000 units at $1.20 per unit for gross proceeds of approximately $342,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until December 19, 2023. Of the gross proceeds amount, $75,000 was allocated to the share purchase warrants based on fair value and the residual amount of $267,000 was allocated to the common shares. Share issue costs totalling $59,000 were proportionately allocated to the share purchase warrants ($13,000) and the common shares ($46,000), respectively.

On December 21, 2018, the Company completed a private placement, issuing a total of 584,000 units at $1.20 per unit for gross proceeds of approximately $701,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until December 20, 2023. Of the gross proceeds amount, $153,300 was allocated to the share purchase warrants based on fair value and the residual amount of $547,500 was allocated to the common shares. Share issue costs totalling $121,000 were proportionately allocated to the share purchase warrants ($26,000) and the common shares ($95,000), respectively.

On December 28, 2018, the Company completed a private placement, issuing a total of 290,000 units at $1.20 per unit for gross proceeds of approximately $348,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until December 27, 2023. Of the gross proceeds amount, $79,000 was allocated to the share purchase warrants based on fair value and the residual amount of $269,000 was allocated to the common shares. Share issue costs totalling $60,000 were proportionately allocated to the share purchase warrants ($14,000) and the common shares ($46,000), respectively.

On March 15, 2019, the Company completed a private placement, issuing a total of 1,195,000 units at $0.51 per unit for gross proceeds of approximately $610,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.72 until March 14, 2024. Of the gross proceeds amount, $192,000 was allocated to the share purchase warrants based on fair value and the residual amount of $418,000 was allocated to the common shares. Share issue costs totalling $86,000 were proportionately allocated to the share purchase warrants ($27,000) and the common shares ($59,000), respectively.

On April 18, 2019, the Company completed a private placement, issuing a total of 1,992,922 units at $0.51 per unit for gross proceeds of approximately $1,016,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.72 until April 17, 2024. Of the gross proceeds amount, $330,000 was allocated to the share purchase warrants based on fair value and the residual amount of $686,000 was allocated to the common shares. Share issue costs totalling $140,000 were proportionately allocated to the share purchase warrants ($45,000) and the common shares ($95,000), respectively.

On April 29, 2019, the Company completed a private placement, issuing a total of 1,000,000 units at $0.51 per unit for gross proceeds of approximately $510,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.72 until April 28, 2024. Of the gross proceeds amount, $164,000 was allocated to the share purchase warrants based on fair value and the residual amount of $346,000 was allocated to the common shares. Share issue costs totalling $73,000 were proportionately allocated to the share purchase warrants ($23,000) and the common shares ($50,000), respectively.

On May 29, 2019, the Company completed a private placement, issuing a total of 996,000 units at $0.51 per unit for gross proceeds of approximately $508,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.72 until May 28, 2024. Of the gross proceeds amount, $146,000 was allocated to the share purchase warrants based on fair value and the residual amount of $362,000 was allocated to the common shares. Share issue costs totalling $60,000 were proportionately allocated to the share purchase warrants ($17,000) and the common shares ($43,000), respectively.

On August 21, 2019, the Company completed a private placement financing of 13,725,500 units of the Company at a price of $0.455 per unit and the disposition of a 25% stake of its Polish subsidiary, for aggregate gross proceeds of $7,000,005. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the

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holder to purchase one common share of the Company at a price of $0.72 until August 20, 2024. Of the aggregate gross proceeds, $754,905 was allocated to the disposition of the Company's 25% stake in its Polish subsidiary with costs totalling $98,542. Of the residual gross proceeds amount of $6,245,000, approximately $2,275,000 was allocated to the share purchase warrants based on fair value and the residual amount of approximately $3,970,000 was allocated to the common shares. Share issue costs totalling $815,000 were proportionately allocated to the share purchase warrants ($297,000) and the common shares ($518,000), respectively.

The following table provides information on share purchase warrants outstanding as at:

| | October 31, 2019 | | July 31, 2019 | |
|---|---|---|---|---|
| Exercise Price | Weighted average remaining contractual life (in years) | Number of share purchase warrants outstanding | Weighted average remaining contractual life (in years) | Number of share purchase warrants outstanding |
| $ 0.72 | 4.72 | 18,909,422 | 4.72 | 5,183,922 |
| $ 1.50 | 3.07 | 15,982,300 | 3.32 | 15,982,300 |
| $ 1.54 | 2.49 | 8,680,000 | 2.75 | 8,680,000 |
| $ 1.61 | 1.00 | 4,546,000 | 1.25 | 4,546,000 |
| $ 1.82 | 1.74 | 1,250,000 | 1.99 | 1,250,000 |
| $ 1.92 | 1.80 | 644,675 | 2.05 | 644,675 |
| $ 1.98 | 1.45 | 3,105,000 | 1.70 | 3,105,000 |
| $ 2.24 | 1.69 | 3,981,000 | 1.94 | 3,981,000 |
| Outstanding, end of period | 3.13 | 57,098,397 | 2.85 | 43,372,897 |

*Stock options*

The Company's equity compensation plan reserves up to 10% of the Company's outstanding common shares from time to time for granting to directors, officers and employees of the Company or any person or company engaged to provide ongoing management or consulting services. Based on the Company's current issued and outstanding common shares as at October 31, 2019, options to purchase up to 12,495,100 common shares (July 31, 2019 – 11,122,550) may be granted under the plan. As at October 31, 2019, options to purchase a total of 4,875,000 common shares (July 31, 2019 – 4,875,000) were issued and outstanding under the equity compensation plan.

The following table provides information on options outstanding and exercisable as at:

| | October 31, 2019 | | | July 31, 2019 | | |
|---|---|---|---|---|---|---|
| Exercise Price | Weighted average remaining contractual life (in years) | Number of options outstanding | Number of vested and exercisable options | Weighted average remaining contractual life (in years) | Number of options outstanding | Number of vested and exercisable options |
| $0.51 | 4.47 | 4,625,000 | 2,149,998 | 4.72 | 4,625,000 | 2,149,998 |
| $1.50 | 0.21 | 150,000 | 150,000 | 0.46 | 150,000 | 150,000 |
| $1.65 | 0.01 | 50,000 | 50,000 | 0.26 | 50,000 | 50,000 |
| $2.00 | 1.00 | 50,000 | 50,000 | 1.26 | 50,000 | 50,000 |
| Outstanding, end of period | 4.26 | 4,875,000 | 2,399,998 | 4.51 | 4,875,000 | 2,399,998 |

The following table summarized activity under the Company's stock option plan for the three-month periods ended:

| | October 31, 2019 | | October 31, 2018 | |
|---|---|---|---|---|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| Outstanding, beginning of year | 4,875,000 | $ 0.57 | 930,000 | $ 1.27 |
| Granted | – | – | – | – |
| Exercised | – | – | – | – |
| Expired | – | – | 200,000 | 1.34 |
| Outstanding, end of year | 4,875,000 | $ 0.57 | 730,000 | $ 1.25 |
| Vested and exercisable, end of year | 4,875,000 | $ 0.57 | 730,000 | $ 1.25 |

Weighted average market share prices for stock options exercised during the quarter ended October 31, 2019 and 2018 were $nil, respectively.

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The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

| Grant Date | Number of options granted | Volatility factor | Risk free interest rate | Dividend rate | Expected life | Vesting period | Fair value of options granted |
|---|---|---|---|---|---|---|---|
| May 27, 2019 | 4,625,000 | 66.76% | 1.49% | nil | 5 years | 2 years | $ 666 |

For the three-months ended October 31, 2019, nil stock options vested (October 31, 2018 – nil) with a fair value of $nil (October 31, 2018 – nil).

## 6. Commitments, contingent liabilities and contingent assets

The Company's commitments are summarized as follows:

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and beyond | Total |
|---|---|---|---|---|---|---|---|
| V-DOS47 co-funded project | $ 1,365 | $ 2,382 | $ 1,163 | $ 356 | $ – | $ – | $ 5,266 |
| Clinical research organizations | 452 | – | – | – | – | – | 452 |
| Royalty and in-licensing | 20 | 20 | 20 | 20 | 20 | 60 | 160 |
| Financial & investor relations | 131 | – | – | – | – | – | 131 |
| Collaborative research organizations | 88 | – | – | – | – | – | 88 |
| Facility leases | 66 | – | – | – | – | – | 66 |
| Contract manufacturing organizations | 17 | – | – | – | – | – | 17 |
| | $ 2,139 | $ 2,402 | $ 1,183 | $ 376 | $ 20 | $ 60 | $ 6,180 |

## 7. Capital risk management

The Company's main objectives when managing capital are to ensure sufficient liquidity to finance research and development activities, clinical trials, ongoing administrative costs, working capital and capital expenditures. The Company includes cash in the definition of capital. The Company endeavours not to unnecessarily dilute shareholders when managing the liquidity of its capital structure.

Since inception, the Company has financed its operations from public and private sales of equity, the exercise of warrants and stock options, and, to a lesser extent, from interest income from funds available for investment, government grants and investment tax credits. Since the Company does not have net earnings from its operations, the Company's long-term liquidity depends on its ability to access capital markets, which depends substantially on the success of the Company's ongoing research and development programs, as well as capital market conditions and availability.

The Company does not currently have enough cash reserves to fully fund its clinical trials nor does the Company have sufficient cash reserves to meet anticipated cash needs for working capital and capital expenditures through at least the next twelve months.

The Company does not have any credit facilities and is therefore not subject to any externally imposed capital requirements or covenants.

## 8. Financial instruments and risk management

The Company has classified its financial instruments as follows:

| | October 31, 2019 | | July 31, 2019 | |
|---|---|---|---|---|
| | Fair Value | Fair value hierarchy | Fair Value | Fair value hierarchy |
| Cash | $ 1,650 | Level 1 | $ 206 | Level 1 |

*Fair value hierarchy*

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a. Level 1 reflects valuation based on quoted prices observed in active markets for identical assets or liabilities;
b. Level 2 reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a

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valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

c. Level 3 reflects valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The financial instrument in the Company's financial statements, measured at fair value, is cash.

*Fair value*

The fair value of financial instruments as at October 31, 2019 and July 31, 2019 approximates their carrying value because of the near-term maturity of these instruments.

*Financial risk management*

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management (the identification and evaluation of financial risk) is carried out by the finance department, in close cooperation with management. The finance department is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed.

*Market risk*

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income or the value of its financial instruments.

*Currency risk*

The Company has international transactions and is exposed to foreign exchange risks from various currencies, primarily the Euro and U.S. dollar. Foreign exchange risks arise from the foreign currency translation of the Company's integrated foreign operation in Poland. In addition, foreign exchange risks arise from purchase transactions, as well as recognized financial assets and liabilities denominated in foreign currencies.

Balances in foreign currencies are as follows, as at:

| | October 31, 2019 | | | July 31, 2019 | | |
|---|---|---|---|---|---|---|
| | EUR | USD | PLN | EUR | USD | PLN |
| Cash | 30 | – | 115 | – | – | 330 |
| Accounts receivable | – | – | 89 | – | – | 143 |
| Accounts payable | (252) | (336) | (275) | (401) | (563) | (232) |
| Accruals | – | (6) | (88) | (25) | – | (107) |
| Net foreign currencies | (222) | (342) | (159) | (426) | (563) | (134) |
| Closing exchange rate | 1.4671 | 1.3160 | 0.3445 | 1.4627 | 1.3148 | 0.3413 |
| Impact of 1% change in exchange rate | +/- 3 | +/- 5 | +/- 1 | +/- 6 | +/- 7 | +/- 0 |

Any fluctuation in the exchange rates of the foreign currencies listed above could have an impact on the Company's results from operations; however, they would not impair or enhance the ability of the Company to pay its foreign-denominated expenses.

*Interest rate risk*

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates, which are affected by market conditions. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents. The Company does not have any credit facilities and is therefore not subject to any debt related interest rate risk.

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct its operations on a day-to-day basis. Any investment of excess funds is limited to risk-free financial instruments. Fluctuations in the market rates of interest do not have a significant impact on the Company's results of operations

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due to the relatively short-term maturity of any investments held by the Company at any given point in time and the low global interest rate environment. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

*Credit risk*

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The table below breaks down the various categories that make up the Company's accounts receivable balances as at:

| | October 31, 2019 | July 31, 2019 |
|---|---|---|
| Government related – HST/VAT | $ 75 | $ 82 |
| Research and development investment tax credits | 121 | 121 |
| Other | 3 | 87 |
| | $ 199 | $ 290 |

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. Since inception, the Company has mainly relied on financing its operations from public and private sales of equity. The Company does not have any credit facilities and is therefore not subject to any externally imposed capital requirements or covenants.

The Company manages its liquidity risk by continuously monitoring forecasts and actual cash flow from operations and anticipated investing and financing activities.

The Company's cash reserves of $1,650,000 as at October 31, 2019 are insufficient to meet anticipated cash needs for working capital and capital expenditures through the next twelve months, nor are they sufficient to see the current research and development initiates through to completion. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, management considers securing additional funds primarily through equity arrangements to be of utmost importance.

The Company's long-term liquidity depends on its ability to access the capital markets, which depends substantially on the success of the Company's ongoing research and development programs, as well as economic conditions relating to the state of the capital markets generally. Accessing the capital markets is particularly challenging for companies that operate in the biotechnology industry.

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as at:

| | October 31, 2019 | | | July 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Less than one year | Greater than one-year | Carrying amount | Less than one year | Greater than one-year |
| Accounts payable | $ 1,510 | $ 1,510 | $ – | $ 3,040 | $ 3,040 | $ – |
| Accrued liabilities | 196 | 196 | – | 1,057 | 1,057 | – |

This table only covers liabilities and obligations relative to financial instruments and does not anticipate any income associated with assets.

## 9. Related party transactions

The following table summarizes key management personnel compensation for the three-month periods ended October 31:

| | 2019 | 2018 |
|---|---|---|
| Compensation | $ 147 | $ 147 |
| Stock-based compensation | 53 | – |
| | $ 200 | $ 147 |

An amount of $225,000 was advanced to the Company by an officer in fiscal 2019 and remained outstanding as at July 31, 2019. A total amount of $226,000 which included principle and interest was repaid in full to the officer by the end of August 2019.

Tabular dollar amounts in thousands of Canadian dollars, except per share amounts

The following table summarizes directors' compensation for the three-month periods ended October 31:

| | 2019 | 2018 |
|---|---|---|
| Directors' fees | $ 42 | $ 39 |
| Stock-based compensation | 7 | – |
| | $ 49 | $ 39 |

The following table summarizes total compensation for both ACMest and ACMag for the three-month periods ended October 31:

| | 2019 | 2018 |
|---|---|---|
| Finder's fee commissions | $ 875 | $ 202 |
| Financial and investor relations consulting fee | 132 | 131 |
| | $ 1,007 | $ 333 |

The Company has agreements with both ACM Alpha Consulting Management EST ("ACMest") and ACM Alpha Consulting Management AG ("ACMag"). The agreements are both effective July 2, 2018 and can be terminated upon ninety days notice. Mr. Kandziora is President of ACMest and acted as Observer on the Board of Directors of the Company up until August 22, 2019 in addition to also being on the Supervisory Board of the Company's wholly owned Polish subsidiary, Helix Immuno-Oncology S.A. Mrs. Kandziora is President of ACMest and was Corporate Secretary up until August 22, 2019.

Related party transactions are at arm's length and recorded at the amount agreed to by the related parties.

### 10. Research and development projects

Included in research and development expenditures are costs directly attributable to the various research and development functions and initiatives the Company has underway and include: salaries; bonuses; benefits; stock-based compensation; depreciation of property, plant and equipment; patent costs; consulting services; third party contract manufacturing, third party clinical research organization services; and all overhead costs associated with the Company's research facilities.

The following table outlines research and development costs expensed and investment tax credits for the Company's significant research and development projects for the three-month periods ended October 31:

| | 2019 | 2018 |
|---|---|---|
| L-DOS47 | $ 1,121 | $ 861 |
| V-DOS47 | 111 | 130 |
| Corporate research and development expenses | 100 | 100 |
| Trademark and patent related expenses | 153 | 25 |
| Depreciation expense | 14 | 33 |
| Stock-based compensation expense | 39 | – |
| Polish government grant subsidy (V-DOS47) | (27) | (135) |
| | $ 1,511 | $ 1,014 |

### 11. Operating, General and Administration

The following table outlines operating, general and administration expenditures for the three-month periods ended October 31:

| | 2019 | 2018 |
|---|---|---|
| Wages and benefits | $ 174 | $ 155 |
| Director fees | 42 | 39 |
| Third-party advisors | 365 | 109 |
| Other general and administrative | 92 | 67 |
| Depreciation expense | 3 | 1 |
| Stock-based compensation expense | 33 | 2 |
| | $ 709 | $ 373 |

### 12. Government grant

On July 21, 2016, the Company announced that a grant funding agreement was entered into by the Company's wholly owned subsidiary in Poland and the PNCRD, whereby certain expenditures made commencing on March 1, 2016. Subsidized amounts may be drawn in advance or on a reimbursement basis, with varying criteria and timelines for justification of claims being made by the Company's subsidiary. The Agreement may be terminated by either party upon one month's written notice and must also

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state the grounds for which the Agreement is being terminated. In certain cases of termination, the Company's Polish subsidiary may be obligated to return the received financial support in full within fourteen days of the day notice is served, with interest.

### 13. Non-controlling interest ("NCI")

On August 21, 2019, the Company completed a private placement financing whereby a component of the private placement financing included the disposition of a 25% stake of the Company's Polish subsidiary, Helix Immuno-Oncology S.A.

Summarized financial information in relation to Helix Immuno-Oncology S.A., before intra-group eliminations, is presented below together with the amounts attributable to NCI:

For the three-month periods ended October 31:

| | 2019 | 2018 |
|---|---|---|
| Research and development expenses (net of PNCRD grant) | $ 84 | $ 15 |
| Operating, general and administration | 132 | 134 |
| Finance items | 6 | 20 |
| Net loss and comprehensive loss | $ 222 | $ 169 |
| Net loss and comprehensive loss allocated to NCI | 35 | – |

As at:

| | October 31, 2019 | July 31, 2019 |
|---|---|---|
| Assets: | | |
| Current assets | $ 80 | $ 171 |
| Non-current assets | 169 | 174 |
| Liabilities: | | |
| Current liabilities | 188 | 240 |
| Intercompany liabilities | 1,511 | 1,331 |
| Shareholders' deficiency | 1,435 | 1,266 |
| Accumulated non-controlling interest | 621 | – |