Consolidated Financial Statements of Helix BioPharma Corp.
Years ended July 31, 2019 and 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements of Helix BioPharma Corp. and other financial information contained in this annual report are the responsibility of management. The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards, using management's best estimates and judgments, where appropriate. In the opinion of management, these consolidated financial statements reflect fairly the financial position and the results of operations and cash flows of the Company within reasonable limits of materiality. The financial information contained elsewhere in this annual report has been reviewed to ensure consistency with that in the consolidated financial statements.

To assist management in discharging these responsibilities, the Company maintains an effective system of procedures and internal controls which is designed to provide reasonable assurance that its assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and that the financial records form a reliable base for the preparation of accurate and reliable financial information.

The Board of Directors ensures that management fulfills its responsibilities for the financial reporting and internal control. The Board of Directors exercises this responsibility through its independent Audit Committee comprising a majority of unrelated and outside directors. The Audit Committee meets periodically with management and annually with the external auditors to review audit recommendations and any matters that the auditors believe should be brought to the attention of the Board of Directors. The Audit Committee also reviews the consolidated financial statements and recommends to the Board of Directors that the statements be approved for issuance to the shareholders.

The consolidated financial statements have been audited by BDO Canada LLP, Chartered Professional Accountants, Licensed Public Accountants, which has full and unrestricted access to the Audit Committee. BDO Canada LLP's report on the consolidated financial statements is presented herein.

/s/ Heman Chao
Heman Chao
Chief Executive Officer

/s/ Frank Michalargias
Frank Michalargias
Chief Financial Officer

October 24, 2019

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Independent Auditor's Report

To the Shareholders of Helix BioPharma Corp.

Opinion

We have audited the consolidated financial statements of Helix BioPharma Corp. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at July 31, 2019 and 2018, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at July 31, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of $7,526,000 during the year ended July 31, 2019 and, as of that date, the Group's cash of $206,000 is insufficient to meet anticipated cash needs for working capital and capital expenditures through the next twelve months. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the 2019 Annual Report, and
- The information included in the Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended July 31, 2019 and 2018.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended July 31, 2019 and 2018 and the 2019 Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Brion Hendry.

/s/ BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants
Markham, Ontario
October 24, 2019

HELIX BIOPHARMA CORP.

Consolidated Statement of Financial Position
In thousands of Canadian dollars
As at July 31, 2019 and 2018

As at:	July 31, 2019	July 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment (*note 4)*	$ 253	$ 374
	253	374
Current assets		
Prepaid expenses	191	92
Accounts receivable	290	315
Cash	206	366
	687	773
Total assets	$ 940	$ 1,147
SHAREHOLDERS' DEFICIENCY AND LIABILITIES		
Shareholders' deficiency (*note 5*)	$ (3,281)	$ (1,527)
Current liabilities		
Deferred government grant (*note 11*)	124	38
Accrued liabilities	1,057	644
Accounts payable	3,040	1,992
	4,221	2,674
Total liabilities and shareholders' deficiency	$ 940	$ 1,147

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

On behalf of the Board of Directors:

/s/ Slawomir Majewski
Slawomir Majewski,
Chair, Board of Directors

/s/ Artur Gabor
Artur Gabor
Chair, Audit Committee

HELIX BIOPHARMA CORP.

Consolidated Statement of Net Loss and Comprehensive Loss

Years ended July 31, 2019 and 2018 (In thousands of Canadian dollars, except per share amounts)

	2019	2018
Expenses		
Research and development *(note 10)*	5,006	6,084
Operating, general and administration *(note 12)*	2,486	2,462
Results from operating activities before finance items	(7,492)	(8,546)
Finance items		
Finance income	3	9
Finance expense	(1)	(29)
Foreign exchange loss	(36)	(59)
	(34)	(79)
Net loss and total comprehensive loss	$ (7,526)	$ (8,625)
Loss per common share		
Basic	$ (0.07)	$ (0.09)
Diluted	$ (0.07)	$ (0.09)
Weighted average number of common shares used in the calculation of basic and diluted loss per share	106,645,801	99,928,708

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

HELIX BIOPHARMA CORP.

Consolidated Statement of Changes in Shareholders' Equity

Years ended July 31, 2019 and 2018 (In thousands of Canadian dollars, except common share and warrant numbers)

	Common shares		Share purchase warrants					
	Amount	Number	Amount	Number	Options	Contributed surplus	Deficit	Shareholder deficiency
Balances, July 31, 2017	$ 120,681	95,711,579	$ 11,141	27,980,975	$ 673	$ 22,868	$ (155,380)	$ (17)
Net loss for the year	–	–	–	–	–	–	(8,625)	(8,625)
Common stock, issued	4,884	7,098,000	–	–	–	–	–	4,884
Warrants, issued	–	–	2,221	7,098,000	–	–	–	2,221
Warrants, expired unexercised	–	–	–	–	–	–	–	–
Warrants, exercised	–	–	–	–	–	–	–	–
Stock-based compensation	–	–	–	–	10	–	–	10
Options, exercised	–	–	–	–	–	–	–	–
Options, expired unexercised	–	–	–	–	–	–	–	–
Balances, July 31, 2018	$ 125,565	102,809,579	$ 13,362	35,078,975	$ 683	$ 22,868	$ (164,005)	$ (1,527)
Net loss for the year	–	–	–	–	–	–	(7,526)	(7,526)
Common stock, issued	3,967	8,415,922	–	–	–	–	–	3,967
Warrants, issued	–	–	1,444	8,415,922	–	–	–	1,444
Warrants, expired unexercised	–	–	(43)	(122,000)	–	43	–	–
Warrants, exercised	–	–	–	–	–	–	–	–
Stock-based compensation	–	–	–	–	361	–	–	361
Options, exercised	–	–	–	–	–	–	–	–
Options, expired unexercised	–	–	–	–	(404)	404	–	–
Balances, July 31, 2019	$ 129,532	111,225,501	$ 14,763	43,372,897	$ 640	$ 23,315	$ (171,531)	$ (3,281)

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

HELIX BIOPHARMA CORP.

Consolidated Statement of Cash Flows

Years ended July 31, 2019 and 2018 (In thousands of Canadian dollars)

	2019	2018
Cash flows from operating activities		
Net loss and total comprehensive loss	$ (7,526)	$ (8,625)
Items not involving cash:		
Depreciation of property, plant and equipment	125	165
Stock-based compensation	361	10
Foreign exchange loss	36	60
Change in non-cash working capital:		
Accounts receivable	25	315
Prepaid expenses	(99)	81
Accounts payable	1,048	554
Accrued liabilities	413	(78)
Deferred liabilities	86	(6)
Net cash used in operating activities	(5,531)	(7,524)
Cash flows from financing activities		
Proceeds from the issuance of common shares and share purchase warrants, net of issue costs	5,411	7,105
Net cash provided by financing activities	5,411	7,105
Cash flows from investing activities		
Purchase of property, plant and equipment	(4)	(53)
Net cash used in investing activities	(4)	(53)
Foreign exchange loss on cash	(36)	(59)
Net decrease in cash	$ (160)	$ (531)
Cash, beginning of year	366	897
Cash, end of year	$ 206	$ 366

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 of $7,526,000 for the fiscal year ended July 31, 2019 (July 31, 2018 - $8,625,000). 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. As at July 31, 2018 the Company had a working capital deficiency of $1,901,000, shareholders' deficiency of $1,527,000 and a deficit of $164,005,000. 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

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee.

The consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on October 23, 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 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 accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries listed below. 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 include the assets and liabilities and results of operations of all subsidiaries after elimination of intercompany transactions and balances.

As at July 31, 2019, the wholly owned subsidiaries of the Company include: Helix BioPharma Inc., incorporated in the USA, Helix Immuno-Oncology S.A., incorporated in Poland and Helix Product Development (Ireland) Limited, incorporated in Ireland.

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.

3. New accounting standards and pronouncements not yet adopted

New accounting standards

IFRS 9 Financial Instruments

Effective August 1, 2018, the Company adopted IFRS 9 Financial Instruments (IFRS 9) which replaced IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities; new guidance for measuring impairment on financial assets; and new hedge accounting guidance.

On adoption of IFRS 9, the Company has classified the financial assets and financial liabilities held at August 1, 2018, based on the new classification requirements and the characteristics of each financial instrument as at the transition date. The new classification did not require a restatement of prior periods.

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

	2019			2018		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Research equipment	$ 1,689	$ 1,448	$ 241	$ 1,689	$ 1,339	$ 350
Manufacturing equipment	402	402	–	402	402	–
Leasehold improvements	359	359	–	359	359	–
Computer equipment	109	105	4	106	93	13
Computer software	62	61	1	61	58	3
Furniture and fixtures	22	15	7	22	14	8
	$ 2,643	$ 2,390	$ 253	$ 2,639	$ 2,265	$ 374

5. Shareholders' deficiency

Preferred shares

Authorized 10,000,000 preferred shares.
As at July 31, 2019 and 2018 the Company had nil preferred shares issued and outstanding.

Common shares and share purchase warrants

Authorized unlimited common shares without par value.
As at July 31, 2019 the Company had 111,225,501 (2018 – 102,809,579) common shares issued and outstanding.

On August 31, 2017, the Company completed a private placement, issuing a total of 1,092,500 units at $1.20 per unit for gross proceeds of approximately $1,311,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until August 30, 2022. Of the gross proceeds amount, $438,000 was allocated to the share purchase warrants based on fair value and the residual amount of $873,000 was allocated to the common shares. Share issue costs totalling $221,000 were proportionately allocated to the share purchase warrants ($74,000) and the common shares ($147,000), respectively.

On October 19, 2017, the Company completed a private placement, issuing a total of 3,258,000 units at $1.20 per unit for gross proceeds of approximately $3,910,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until October 18, 2022. Of the gross proceeds amount, $1,248,000 was allocated to the share purchase warrants based on fair value and the residual amount of $2,662,000 was allocated to the common shares. Share issue costs totalling $555,000 were proportionately allocated to the share purchase warrants ($177,000) and the common shares ($378,000), respectively.

On December 22, 2017, the Company completed a private placement, issuing a total of 625,500 units at $1.20 per unit for gross proceeds of approximately $751,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until December 21, 2022. Of the gross proceeds amount, $232,000 was allocated to the share purchase warrants based on fair value and the residual amount of $519,000 was allocated to the common shares. Share issue costs totalling $156,000 were proportionately allocated to the share purchase warrants ($45,000) and the common shares ($111,000), respectively.

On April 30, 2018, the Company completed a private placement, issuing a total of 504,500 units at $1.20 per unit for gross proceeds of approximately $605,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until April 29, 2023. Of the gross proceeds amount, $179,000 was allocated to the share purchase warrants based on fair value and the residual amount of $426,000 was allocated to the common shares. Share issue costs totalling $129,000 were proportionately allocated to the share purchase warrants ($38,000) and the common shares ($91,000), respectively.

On June 7, 2018, the Company completed a private placement, issuing a total of 784,000 units at $1.20 per unit for gross proceeds of approximately $941,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until June 6, 2023. Of the gross proceeds amount, $277,000 was allocated to the share purchase warrants based on fair value and the residual amount of $664,000 was allocated to the common shares. Share issue costs totalling $173,000 were proportionately allocated to the share purchase warrants ($51,000) and the common shares ($122,000), respectively.

On July 9, 2018, the Company completed a private placement, issuing a total of 833,500 units at $1.20 per unit for gross proceeds of approximately $1,000,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until July 8, 2023. Of the gross proceeds amount, $284,000 was allocated to the share purchase warrants based on fair value and the residual amount of $716,000 was allocated to the common shares. Share issue costs totalling $181,000 were proportionately allocated to the share purchase warrants ($51,000) and the common shares ($130,000), respectively.

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.

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

	July 31, 2019		July 31, 2018	
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	5,183,922	–	–
$ 1.50	3.32	15,982,300	4.08	12,750,300
$ 1.54	2.75	8,680,000	1.71	8,680,000
$ 1.61	1.25	4,546,000	0.25	4,668,000
$ 1.82	1.99	1,250,000	2.99	1,250,000
$ 1.92	2.05	644,675	3.05	644,675
$ 1.98	1.70	3,105,000	2.70	3,105,000
$ 2.24	1.94	3,981,000	0.94	3,981,000
Outstanding, end of period		43,372,897		35,078,975

On October 16, 2018, the Company announced to extend the exercise period of a total of 4,546,000 outstanding common share purchase warrants (the "Warrants"), all of which are held by arm's length parties. The Warrants were issued pursuant to a private placement of the Company completed on November 1, 2013. The TSX approved the extension of the expiry date of the Warrants and as a result, each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.61 at any time until October 31, 2020. The exercise price of $1.61 remains unchanged.

At the Company's Annual and Special Meeting of shareholders which was held on April 15, 2019, a total of 12,661,000 warrants were approved by a majority of votes cast by disinterested shareholders to extend the exercise period for an additional two years. All other terms and conditions remained the same. The Warrants were originally issued pursuant to three private placements which were completed by the Company on July 10, 2014, April 1, 2015 and April 29, 2015. The TSX approved the extension of the expiry date of the Warrants and as a result, each Warrant entitles the holder to purchase one common share of the Company at exercise prices of $1.54 and $2.24 with maturity dates ranging from July 9, 2021 through April 28,2022.

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 July 31, 2019, options to purchase up to 11,122,550 common shares (2018 – 10,280,957) may be granted under the plan. As at July 31, 2019, options to purchase a total of 4,875,000 common shares (2018 – 930,000) were issued and outstanding under the equity compensation plan.

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

	July 31, 2019			July 31, 2018		
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	4.72	4,625,000	2,149,998	–	–	–
$0.92	–	–	–	1.86	380,000	380,000
$1.34	–	–	–	0.25	200,000	200,000
$1.50	0.46	150,000	150,000	1.46	200,000	200,000
$1.65	0.26	50,000	50,000	1.26	100,000	100,000
$2.00	1.26	50,000	50,000	2.26	50,000	33,333
Outstanding, end of year	4.51	4,875,000	2,399,998	1.37	930,000	913,333

The following table summarized activity under the Company's equity compensation plan for the fiscal years ended:

	July 31, 2019		July 31, 2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	930,000	$ 1.27	930,000	$ 1.27
Granted	4,625,000	0.51	–	–
Exercised	–	–	–	–
Expired	680,000	1.14	–	–
Outstanding, end of year	4,875,000	$ 0.57	930,000	$ 1.27
Vested and exercisable, end of year	2,399,998	$ 0.57	913,333	$ 1.26

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model.

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 fiscal 2019, 2,166,665 options vested (2018 – 16,666) with a fair value of $311,646 (2018 – $20,235).

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

Grant Funding Agreement (the "Agreement") with the Polish National Centre for Research and Development ("PNCRD")

Based on the Agreement, certain expenditures made commencing on March 1, 2016 are eligible for reimbursement. Total costs associated with the V-DOS47 development program under the Agreement is PLN19,794,416 ($6,756,000). Of the total project costs, the PNCRD will reimburse the Company's Polish subsidiary approximately 80% to 60% of eligible expenditures, depending on the stage of development plus a flat 17% for overhead costs, on the total government funded eligible portion of PLN12,506,956 ($4,269,000). The Company's subsidiary is required to spend PLN4,437,460 ($1,515,000) towards the project plus an additional PLN2,850,000 ($973,000) for manufacturing and clinical trial documentation costs, all of which, are not eligible for subsidies from the PNCRD. 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. Of the $5,266,000 in total future commitments towards this program, the Company is projecting that a total of approximately $2,543,000 will be reimbursed by the PNCRD. The Agreement may be terminated by either party upon one month's written notice clearly spelling out the reasons for which the Agreement is being terminated. In certain cases of termination, the Subsidiary may be obligated to return the received financial support in full within fourteen days of the day notice is served, with interest. As at July 31, 2019, the Company has received subsidies from the PNCRD of approximately $1,289,000. (also see *Note 11 – Government Grant*).

Clinical Research Organization ("CRO") Commitments

The Company has CRO supplier agreements in place for clinical research services related to the management of the Company's clinical stage programs. As at July 31, 2019, the Company accrued $581,000 (2018 – $873,000) for services provided by these CRO's.

Royalty and in-licensing commitments

Pursuant to an agreement dated April 28, 2005 with the National Research Council of Canada (the "NRC"), the Company is required to pay a royalty to the NRC of 3% of net sales, with a minimum royalty of $10,000 per annum generated from the use of a certain antibody to target cancerous tissues of the lung. In addition to the royalty payments, the Company is also required to make certain milestone payments: $25,000 upon successful completion of Phase I clinical trials; $50,000 upon successful completion of Phase IIb clinical trials; $125,000 upon successful completion of Phase III clinical trials; and $200,000 upon receipt of market approval by regulatory authority. L-DOS47 is subject to this agreement.

Pursuant to an agreement dated September 22, 2016 with the National Research Council of Canada, the Company is required to pay a royalty to the NRC of 3% of net sales, with a minimum royalty of $10,000 per annum generated from the use of a certain antibody to target cancerous tissues of the lung. In addition to the royalty payments, the Company is also required to make certain milestone payments for the first licensed product: $25,000 upon successful completion of Phase I clinical trials; $50,000 upon successful completion of Phase IIb clinical trials; $150,000 upon successful completion of Phase III clinical trials; $200,000 upon receipt of first regulatory approval by a regulatory authority; and $200,000 upon receipt of a second regulatory approval by a regulatory authority. For the development of each subsequent licensed product: $200,000 upon receipt of first regulatory approval by a regulatory authority; and $200,000 upon receipt of a second regulatory approval by a regulatory authority. As it relates to sub-licensing arrangements, the Company is required to pay the NRC 33% of any sub-licensing revenues received. The anti-CEACAM6 single domain antibody 2A3 is subject to this agreement. As at July 31, 2019 the Company has $nil (2018 – $nil) in financial obligations outstanding related to royalty and in-licensing commitments.

Financial and investor relations agreements

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.

The agreement with ACMest includes the following provision:

a) a monthly fee for investor relations services of CHF33,000 and reimbursement of certain expenses.

The agreement with ACMag includes the following provision:

a) a 12.5% fee on the gross proceeds on any capital raised up to six months after the termination of this agreement from an ACMest introduced investor with residency outside Canada and the U.S.;

At July 31, 2019, the Company accrued $353,000 and $713,000 for services provided by ACMest and ACMag, respectively (2018 – $410,000 and $125,000, respectively). Also see *Note 9 – Related Party Transactions*.

Collaborative Research Organization Service Commitments

The Company has collaborative research agreements relating to its L-DOS47 and CAR-T programs. The nature of the services includes assay development, animal studies and imaging and ongoing future clinical sample analysis. As at July 31, 2019, the Company accrued $118,000 (2018 – $62,000) for collaborative research organizations services it had received.

Operating lease commitments

The Company is committed to pay $66,000 under three facility lease agreements with lease terms up to 12 months.

Contract Manufacturing Organization ("CMO") commitments

The Company has CMO supplier agreements related to the Company's L-DOS47 program, all of which are inter-dependant with manufacturing of L-DOS47. As at July 31, 2019, the Company accrued $5,000 (2018 – $65,000) for CMO services and has not committed to any additional services.

Non-disclosure agreement ("NDA")

The Company and its wholly owned subsidiary signed two separate non-disclosure agreements which included specific wording as to the use of data for purposes other than those specified or in the event of disclosure to a third party of all or a part of certain data. Under the NDA, and the event of a breach, the Company would be liable for a contractual penalty of PLN500,000 for each case of breach under each of the NDA's.

Legal proceedings and claims

There are two old claims made against the Company in the normal course of operations that remain pending at the end of fiscal 2019. Management believes that these claims are without merit. These actions are not sufficiently advanced for the outcome to be presently determinable and, accordingly, no provision for these claims have been made in these financial statements.

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:

	2019		2018	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
Cash	$ 206	Level 1	$ 366	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 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 July 31, 2019 and 2018 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 at July 31, are as follows:

	2019			2018		
	EUR	USD	PLN	EUR	USD	PLN
Cash	–	–	330	33	–	241
Accounts receivable	–	–	143	–	–	126
Accounts payable	(401)	(563)	(232)	(412)	(334)	(299)
Accruals	(25)	–	(107)	–	(63)	(69)
Net foreign currencies	(426)	(563)	(134)	(379)	(397)	(1)
Closing exchange rate	1.4627	1.3148	0.3413	1.5239	1.3017	0.3568
Impact of 1% change in exchange rate	+/- 6	+/- 7	+/- 0	+/- 6	+/- 5	+/- 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 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 July 31:

	2019	2018
Government related – HST/VAT	$ 82	$ 73
Research and development investment tax credits	121	233
Other	87	9
	$ 290	$ 315

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 $206,000 as at July 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 July 31:

	2019			2018		
	Carrying amount	Less than one year	Greater than one-year	Carrying amount	Less than one year	Greater than one-year
Accounts payable	$ 3,040	$ 3,040	$ –	$ 1,992	$ 1,992	$ –
Accrued liabilities	1,057	1,057	–	644	644	–

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 fiscal years ended:

	2019	2018
Compensation	$ 767	$ 695
Stock-based compensation	291	–
	$ 1,058	$ 695

An amount of $225,000 was advanced to the Company by an officer. The advance is interest bearing at 4% per annum and is repayable, on demand, no later than August 30, 2019. The principle amount along with interest, was repaid, as per terms. The advance is included in accruals as at July 31, 2019.

The following table summarizes non-management directors' compensation for the fiscal years ended:

	2019	2018
Directors' fees	$ 162	$ 212
Stock-based compensation	24	–
	$ 186	$ 212

The following table summarizes the total compensation for both ACMest and ACMag for the fiscal years ended:

	2019	2018
Finder's fee commissions	$ 940	$ 1,065
Financial and investor relations consulting fee	571	516
	$ 1,511	$ 1,581

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. (also see *Note 6 – Commitments, contingent liabilities and contingent assets*).

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

10. Research and development projects

As at July 31, 2019, the Company has incurred research and development expenditures primarily on the L-DOS47 research and development program.

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 fiscal years ended July 31:

	2019	2018
L-DOS47	$ 3,530	$ 4,893
V-DOS47	478	457
CAR-T	333	318
Corporate research and development expenses	528	432
Trademark and patent related expenses	435	440
Stock-based compensation expense	198	10
Depreciation expense	109	141
Research and development investment tax credits	(126)	(132)
Polish government grant subsidy (V-DOS47)	(479)	(475)
	$ 5,006	$ 6,084

11. 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 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 (also see *Note 6 – Commitments, contingent liabilities and contingent assets*).

12. Operating, General and Administration

The following table outlines operating, general and administration costs expensed a for the following periods:

	2019	2018
Wages and benefits	$ 759	$ 665
Director fees	162	214
Third-party advisors	1,068	1,089
Other general and administrative	316	468
Stock-based compensation expense	164	–
Depreciation expense	17	26
	$ 2,486	$ 2,462

13. Income taxes

The Company recognizes deferred tax assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities and certain carry-forward balances. The Company's effective income tax rate in fiscal 2019 is 25.8% (2018 – 26.7%).

The tax effects of temporary differences for the Company that gives rise to the unrecorded deferred tax asset presented in the following table:

	2019	2018
Deferred tax assets:		
Scientific Research & Experimental Development expenditure pool	$ 12,716	$ 12,851
Non-capital losses and other credits carried forward	23,012	22,267
Capital losses carried forward	156	161
Excess of tax basis over book basis of capital assets	1,757	1,686
Deductible share issue costs	629	634
	$ 38,270	$ 37,599

Current income tax loss and non-capital tax loss carry forwards

As at July 31, 2019, the Company has Canadian tax losses that can be carried forward of approximately $89,182,000 (2018 – $83,418,000) and are available until 2039 as follows:

2025	$ 862
2026	2,113
2027	2,904
2028	2,438
2029	9,188
2030	6,552
2031	6,792
2032	13,242
2033	2,437
2034	6,727
2035	7,256
2036	7,883
2037	7,884
2038	7,152
2039	5,752
	$ 89,182

Scientific Research & Experimental Development expenditures ("SR&ED")

Under the *Income Tax Act* (Canada), certain expenditures are classified as SR&ED expenditures and are grouped into a pool for tax purposes. This expenditure pool can be carried forward indefinitely and deducted in full in any subsequent year. The SR&ED expenditure pool at July 31, 2019 is approximately $49,280,000 (2018 – $48,144,000).

Investment tax credits

The Company has also earned investment tax credits in Canada, on eligible SR&ED expenditures at July 31, 2019 of approximately $11,681,000 (2018 – $11,514,000), which can offset Canadian income taxes otherwise payable in future years up to 2039. 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. During the year, the Company received cash refundable investment tax credits related to prior years in the amount of $238,000 (2018 – $332,000). At July 31, 2019, cash refundable investment tax credits total $121,000 (2018 – $234,000). The research and development investment tax credits recorded are based on management's estimates of amounts expected to be recovered and are subject to audit by the taxation authorities and, accordingly, these amounts may vary. Federal investment tax credits are non-refundable to the Company. Refundable investment tax credits reflect eligible SR&ED expenditures incurred in Ontario, Alberta and Quebec.

Tax - Poland

As at July 31, 2019, the Company has Poland tax losses that can be carried forward of approximately PLN3,231,000 (2018 – PLN1,516,000) and are available until 2022 as follows:

2020	37
2021	212
2022	871
2023	1,000
2024	1,111
	$ 3,231

14. Subsequent Event

On August 21, 2019, the Company completed a private placement financing of 13,725,500 units of the Company and the disposition of a 25% stake of its wholly owned Polish subsidiary for $7,000,005. Each unit comprises one common share and one common share purchase warrant. Each common share purchase warrant will entitle the holder to purchase one common share at an exercise price of $0.72 and will have an expiry of five years from the date of issuance.