Consolidated Financial Statements of Helix BioPharma Corp.
Years ended July 31, 2020 and 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, 2020 and 2019, 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, 2020 and 2019 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 $9,174,000 during the year ended July 31, 2020 and, as of that date, the Group's cash balance of $4,235,000 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 2020 Annual Report; and
- The information included in Management Discussion and Analysis for the year ended July 31, 2020.

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 Discussion and Analysis and the 2020 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 the 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 Company 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 Company 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 Jamie Barron.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Burlington, Ontario
October 29, 2020

HELIX BIOPHARMA CORP.

Consolidated Statement of Financial Position
In thousands of Canadian dollars
As at July 31, 2020 and 2019

As at:	2020	2019
ASSETS		
Current assets		
Cash	$ 4,235	$ 206
Accounts receivable *(note 9)*	180	290
Prepaid expenses	90	191
Assets held for sale *(note 14)*	155	–
	4,660	687
Non-current assets		
Property, plant and equipment (*note 4)*	91	253
Right-of-use assets (*note 5)*	155	–
	246	253
Total assets	$ 4,906	$ 940
SHAREHOLDERS' EQUITY / (DEFICIENCY) AND LIABILITIES		
Current liabilities		
Accounts payable	$ 1,416	$ 3,040
Accrued liabilities	301	1,057
Deferred government grant	–	124
Lease liabilities (*note 5)*	159	–
Liabilities related to assets held for sale *(note 14)*	49	–
	1,925	4,221
Shareholders' equity / (deficiency) (*note 6*)		
Equity / (deficiency) attributable to owners of the Company	2,394	(3,281)
Non-controlling interest	587	–
	2,981	(3,281)
Total liabilities and shareholders' equity / (deficiency)	$ 4,906	$ 940

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, 2020 and 2019 (In thousands of Canadian dollars, except per share amounts)

	2020	2019
Expenses		
Research and development *(note 11)*	$ 5,868	$ 4,948
Operating, general and administration *(note 12)*	2,748	1,827
Results from operating activities before finance items	(8,616)	(6,775)
Finance items		
Finance income	25	3
Finance expense	(25)	(13)
Foreign exchange (loss) / gain	55	(22)
	55	(32)
Net loss from continuing operations	(8,561)	(6,807)
Net loss from discontinued operations *(note 14)*	(613)	(719)
Net loss and total comprehensive loss	(9,174)	(7,526)
Add: Net loss and comprehensive loss attributable to non-controlling interest	189	–
Net loss and total comprehensive loss attributable to Helix BioPharma Corp.	$ (8,985)	$ (7,526)
Loss per common share		
Basic and diluted from continuing operations	$ (0.07)	$ (0.07)
Basic and diluted from discontinued operations	$ –	$ –
Basic and diluted - total	$ (0.07)	$ (0.07)
Weighted average number of common shares used in the calculation of basic and diluted loss per share	127,712,446	106,645,801

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, 2020 and 2019 (In thousands of Canadian dollars, except common share and warrant numbers)

	Common shares		Share purchase warrants						
	Amount	Number	Amount	Number	Options	Contributed surplus	Deficit	NCI	Total shareholders' equity / (deficiency)
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	–	–	–	–	–	–	(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, cancelled	–	–	–	–	–	–	–	–	–
Options, expired unexercised	–	–	–	–	(404)	404	–	–	–
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	–	–	–	–	–	–	(8,985)	(189)	(9,174)
Sale of interest in subsidiary	–	–	–	–	–	2,005	–	776	2,781
Common stock, issued	7,725	21,707,516	–	–	–	–	–	–	7,725
Warrants, issued	–	–	4,459	21,707,516	–	–	–	–	4,459
Warrants, expired unexercised	–	–	–	–	–	–	–	–	–
Warrants exercised	–	–	–	–	–	–	–	–	–
Stock-based compensation	–	–	–	–	471	–	–	–	471
Options, expired unexercised	–	–	–	–	(220)	220	–	–	–
July 31, 2020	$ 137,257	132,933,017	$19,222	65,080,413	$ 891	$25,540	$ (180,516)	$ 587	$ 2,981

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

HELIX BIOPHARMA CORP.

Consolidated Statement of Cash Flows

Years ended July 31, 2020 and 2019 (In thousands of Canadian dollars)

	2020	2019
Cash flows from operating activities		
Net loss from continuing operations	$ (8,561)	$ (6,807)
Adjustments, to net cash provided by operations:		
Items not involving cash:		
Amortization of property, plant and equipment	56	56
Amortization of right-of-use property	155	–
Stock-based compensation	471	361
Foreign exchange gain	(55)	22
Change in non-cash working capital:		
Accounts receivable	61	29
Prepaid expenses	92	(91)
Accounts payable	(1,545)	1,085
Accrued liabilities	(719)	401
Cash from / (used) in operating activities from continuing operations	(10,045)	(4,944)
Cash from / (used) in operating activities from discontinued operations	(781)	(601)
Net cash used in operating activities	(10,826)	(5,545)
Cash flows from financing activities		
Proceeds from the issuance of common shares and share purchase warrants, net of issue costs	12,185	5,411
Lease liability payments	(151)	–
Cash from / (used) in financing activities from continuing operations	12,034	5,411
Cash from / (used) in financing activities from discontinued operations	1,062	–
Net cash provided by financing activities	13,096	5,411
Cash flows from investing activities		
Purchases of property, plant, and equipment	(16)	(2)
Proceeds, net of cost, from the partial sale of the Polish subsidiary *(note 12)*	1,720	–
Cash from / (used) in investing activities from continuing operations	1,704	(2)
Cash from / (used) in investing activities from discontinued operations	–	(2)
Net cash from / (used) by investing activities	1,704	(4)
Foreign exchange gain / (loss) on cash	55	(22)
Net increase / (decrease) in cash	$ 4,029	$ (160)
Cash, beginning of period	206	366
Cash, end of period	$ 4,235	$ 206

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 $9,174,000 for the fiscal year ended July 31, 2020 (July 31, 2019 - $7,526,000). As at July 31, 2020 the Company had working capital of $2,735,000, shareholders' equity of $2,981,000, a deficit of $180,516,000. 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 initiatives 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 28, 2020.

Use of estimates and critical judgments

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 Company has also assessed the impact of COVID-19 on estimates and critical judgements. Although the Company expects COVID-19 related disruptions to continue into the Company's fiscal 2021 year, the Company believes that the long-term estimates and assumptions do not require significant revisions. Although the Company determined that no significant revisions to such estimates, judgements or assumptions were required, the pandemic is fluid and given the inherent uncertainty at this time, revisions may be required in future periods to the extent that the negative impacts on the Company's business operations arising from COVID-19 continue or become worse. Any such revision could result in a material impact on the Company's financial performance and financial condition.

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.

The Company's subsidiaries as at July 31, 2020 are as follows:

	Incorporation Date	Jurisdiction	Ownership
Helix Immuno-Oncology S.A. ("HIO")	July 6, 2013	Poland	42.51%

As at July 31, 2020, the Company's Chairman and Chief Executive Officer hold two of the three board seats of HIO. In addition, another board member of the Company is Chief Executive Officer of HIO. As a result, the Company has fully consolidated HIO in these consolidated financial statements.

During the fiscal year, the Company dissolved its interest in its previously wholly owned subsidiaries Helix BioPharma Inc., incorporated in the USA and Helix Product Development (Ireland) Limited, incorporated in Ireland.

Non-controlling interests in the results and equity of a Company subsidiary are shown separately in the consolidated statements of financial position, net loss and comprehensive loss and changes in shareholders' equity respectively. The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in contributed surplus within equity attributable to the owners of the Company.

Subsequent to July 31, 2020, the Company's ownership interest in HIO was further reduced to 29.89% as a result of a direct private placement completed by HIO. See *Note 15 – Subsequent events.*

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

Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. Subsequent to initial application, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. In comparison, the lease liability is increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

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
Lease 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.

Adoption of new accounting standards

The Company has adopted new accounting standard IFRS 16 - Leases, effective for the Company's annual period beginning August 1, 2019. IFRS 16 supersedes IAS 17, *Leases* and IFRIC 4 *Determining whether an arrangement contains a lease* IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company has applied IFRS 16 with a date of initial application of August 1, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at August 1, 2019. Under this approach, the Company has not restated comparative information presented for 2019. Comparative information for 2019 is presented as previously reported under IAS 17 and related interpretations. The Company has changed its accounting policy for lease contracts as detailed below:

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under International Financial Reporting Interpretations Committee 4, Determining Whether an Arrangement contains a Lease ("IFRIC 4"). Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the new definition of a lease provided in IFRS 16. IFRS 16 provides that a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed to determine whether they met the IFRS 16 definition of a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after August 1, 2019.

The Company previously classified leases as operating leases. Payments made under operating leases were recognized in comprehensive income on a straight-line basis over the term of the lease (i.e. they were off-balance sheet). Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - i.e. leases are on-balance sheet.

On transition to IFRS 16, the Company elected to apply recognition exemptions for short-term leases (i.e. leases with terms less than 12 months or entered into on a month-to-month basis) and leases of IT equipment that are considered to be low-dollar value leases. For leases of other assets, which were classified as operating leases under IAS 17, the Company recognized right-of-use assets and lease liabilities.

Transition of leases classified as operating leases under IAS 17

At transition from IAS 17 to IFRS 16, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate of 5% as at August 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The discount rate is subject to estimation and based on significant management judgment.

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

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemptions not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and/or of low-dollar value.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Impact on financial statements on transition

On transition to IFRS 16, the Company recognized $258,072 in right-of-use assets and lease liabilities. There was no impact on the opening retained earnings as a result of the transition to IFRS 16.

The difference between the Company's operating lease commitments note disclosure in the July 31, 2019 financial statements and the amount of lease liabilities recognized under IFRS 16 is primarily due to some of the leases not qualifying for the short-term lease exemption.

3. New accounting standards and pronouncements not yet adopted

There are no new accounting standards and pronouncements issued but not yet effective up to the date of issuance of the Company's interim consolidated financial statements that are expected to have a material impact on the Company.

4. Property, plant and equipment

	July 31, 2020				July 31, 2019			
	Cost	Accumulated depreciation	Transferred to held for sale	Net book value	Cost	Accumulated depreciation	Transferred to held for sale	Net book value
Research equipment	$ 1,664	$ 1,476	$ (105)	$ 83	$ 1,689	$ 1,448	$ –	$ 241
Manufacturing equipment	–	–	–	–	402	402	–	–
Leasehold improvements	359	359	–	–	359	359	–	–
Computer equipment	84	76	(2)	6	109	105	–	4
Computer software	33	33	–	–	62	61	–	1
Furniture and fixtures	20	17	(1)	2	22	15	–	7
	$ 2,160	$ 1,961	$ (108)	$ 91	$ 2,643	$ 2,390	$ –	$ 253

5. Right-of-use assets

The movement and carrying amounts of the Company's right-of-use assets and lease liabilities during the fiscal period ended July 31, 2020 are as follows:

	Right of Use Assets	Lease Liability
July 31, 2020	$ –	$ –
Additions	310	310
Depreciation	(155)	–
Lease payments	–	(161)
Lease interest	–	10
	$ 155	$ 159

Lease expense for leases categorized as short term in fiscal 2020 total $34,000 (2019 - $37,000).

6. Shareholders' equity / (deficiency)

Preferred shares

Authorized 10,000,000 preferred shares.
As at July 31, 2020 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 July 31, 2020 the Company had 132,933,017 (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.

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

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 $0.51 per unit and the disposition of a 25% stake of its Polish subsidiary, for aggregate gross proceeds of approximately $7,000,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.72 until August 20, 2024. Of the aggregate gross proceeds, approximately $755,000 was allocated to the disposition of the Company's 25% stake in its Polish subsidiary with costs totalling approximately $99,000. 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 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.

On January 13, 2020, the Company completed a private placement financing of 2,940,000 units of the Company at a price of $1.02 per unit and the disposition of an 8.5% stake of its Polish subsidiary, for aggregate gross proceeds of approximately $2,999,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company at a price of $1.42 until January 12, 2025. Of the aggregate gross proceeds, approximately $433,000 was allocated to the disposition of the Company's 8.5% stake in its Polish subsidiary with costs totalling approximately $57,000. Of the residual gross proceeds amount of $2,566,000, approximately $956,000 was allocated to the share purchase warrants based on fair value and approximately $1,610,000 was allocated to the common shares. Share issue costs totalling approximately $339,000 were proportionately allocated to the share purchase warrants ($126,000) and the common shares ($213,000), respectively.

On March 12, 2020, the Company completed a private placement financing of 5,042,016 units of the Company at a price of $1.19 per unit including the disposition of a 15.5% stake of its Polish subsidiary, for aggregate gross proceeds of approximately $6,000,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company at a price of $1.67 until March 11, 2025. Of the aggregate gross proceeds, approximately $791,000 was allocated to the disposition of the Company's 15.5% stake in its Polish subsidiary with costs totalling approximately $103,000. Of the residual gross proceeds amount of $5,209,000, approximately $1,900,000 was allocated to the share purchase warrants based on fair value and approximately $3,310,000 was allocated to the common shares. Share issue costs totalling approximately $682,000 were proportionately allocated to the share purchase warrants ($249,000) and the common shares ($433,000), respectively.

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

	July 31, 2020		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	3.97	18,909,422	4.72	5,183,922
$ 1.42	4.45	2,940,000	–	–
$ 1.50	2.32	15,982,300	3.32	15,982,300
$ 1.54	1.74	8,680,000	2.75	8,680,000
$ 1.61	0.25	4,546,000	1.25	4,546,000
$ 1.67	4.61	5,042,016	–	–
$ 1.82	0.99	1,250,000	1.99	1,250,000
$ 1.92	1.05	644,675	2.05	644,675
$ 1.98	0.70	3,105,000	1.70	3,105,000
$ 2.24	0.94	3,981,000	1.94	3,981,000
Outstanding, end of period	2.64	65,080,413	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 July 31, 2020, options to purchase up to 13,293,301 common shares (July 31, 2019 – 11,122,550) may be granted under the plan. As at July 31, 2020, options to purchase a total of 5,225,000 common shares (July 31, 2019 – 4,875,000) were issued and outstanding under the equity compensation plan.

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

The following table provides information on options outstanding and exercisable as at July 31:

	2020			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	3.72	4,625,000	2,550,002	4.72	4,625,000	2,149,998
$1.30	4.36	550,000	183,333	–	–	–
$1.50	–	–	–	0.46	150,000	150,000
$1.65	–	–	–	0.26	50,000	50,000
$2.00	0.25	50,000	50,000	1.26	50,000	50,000
Outstanding, end of period	3.75	5,225,000	2,783,335	4.51	4,875,000	2,399,998

The following table summarized activity under the Company's stock option plan for the year ended:

	July 31, 2020		July 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	4,875,000	$ 0.57	930,000	$ 1.27
Granted	550,000	1.30	4,625,000	0.51
Exercised	–	–	–	–
Expired	(200,000)	1.54	(680,000)	1.14
Outstanding, end of year	5,225,000	$ 0.61	4,875,000	$ 0.57
Vested and exercisable, end of year	2,783,335	$ 0.59	2,399,998	$ 0.57

Weighted average market share prices for stock options exercised during the fiscal year ended July 31, 2020 and 2019 were both $nil, respectively. For the fiscal year ended July 31, 2020, 583,337 stock options vested (July 31, 2019 – 2,166,665) with a fair value of $190,000 (July 31, 2019 – $312,000).

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
November 2, 2015	50,000	80.47%	0.73%	nil	5 years	3 years	$ 61
May 27, 2019	4,625,000	66.76%	1.49%	nil	5 years	2 years	$ 666
December 12, 2019	550,000	73.81%	1.67%	nil	5 years	2 years	$ 397

7. Commitments, contingent liabilities and contingent assets

The Company's commitments are summarized as follows:

	2021	2022	2023	2024	2025	2026+	Total
Clinical research organizations	$ 2,203	$ 1,406	$ 106	$ –	$ –	$ –	$ 3,715
Collaborative research organizations	1,496	–	–	–	–	–	1,496
Contract manufacturing organizations	196	–	–	–	–	–	196
Royalty and in-licensing	20	20	20	20	10	60	150
Financial & investor relations	146	–	–	–	–	–	146
Facility leases	41	–	–	–	–	–	41
	$ 4,102	$ 1,426	$ 126	$ 20	$ 10	$ 60	$ 5,744

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, 2020, the Company has accrued $861,000 (2019 – $581,000).

Collaborative Research Organization Service Commitments

The Company has collaborative research agreements relating to its L-DOS47 and CAR-T programs. As at July 31, 2020, the Company has accrued $nil (2019 – $118,000).

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, 2020, the Company had accrued $303,000 (2019 – $5,000),

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, 2020 the Company has accrued $nil (2019 – $nil).

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, 2020, the Company accrued $nil and $nil for services provided by ACMest and ACMag, respectively (2019 – $353,000 and $713,000, respectively).

On October 21, 2020 the agreements with both ACM Alpha Consulting Management EST and ACM Alpha Consulting Management AG were terminated by mutual agreement of the parties. Also see *Note 10 – Related Party Transactions and Note 15 – Subsequent events*.

Operating lease commitments

The Company is committed to paying $41,000 under three month to month facility lease agreements with notice periods of no longer than six months.

8. 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.

See also *Note 1 - Basis of presentation and going concern.*

9. Financial instruments and risk management

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.

Fair value

The fair value of financial instruments as at July 31, 2020 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. In addition, foreign exchange risks arise from purchase transactions, as well as recognized financial assets and liabilities denominated in foreign currencies.

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

Balances in foreign currencies are as follows, as at July 31:

	2020		2019	
	USD	EUR	USD	EUR
Cash	–	–	–	–
Accounts receivable	–	–	–	–
Accounts payable	(622)	(257)	(563)	(401)
Accruals	(44)	–	–	(25)
Net foreign currencies	(666)	(257)	(563)	(426)
Closing exchange rate	1.3404	1.5831	1.3148	1.4627
Impact of 1% change in exchange rate	+/- 9	+/- 4	+/-7	+/- 6

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:

	2020	2019
Government related – HST/VAT	$ 46	$ 82
Research and development investment tax credits	121	121
Other	13	87
	$ 180	$ 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 $4,235,000 as at July 31, 2020 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.

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

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

	July 31, 2020			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	$ 1,416	$ 1,416	$ –	$ 3,040	$ 3,040	$ –
Accrued liabilities	301	301	–	1,057	1,057	–

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

See also *Note 1 - Basis of presentation and going concern.*

10. Related party transactions

The following table summarizes key management personnel compensation for the fiscal years ended:

	2020	2019
Compensation	$ 586	$ 767
Stock-based compensation	147	291
	$ 733	$ 1,058

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 amount was fully paid back along with interest by August 30, 2019.

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

	2020	2019
Directors' fees	$ 174	$ 162
Stock-based compensation	280	24
	$ 454	$ 186

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

	2020	2019
Finder's fee commissions (ACMag)	$ 2,000	$ 940
Financial and investor relations consulting fee (ACMest)	548	571
	$ 2,548	$ 1,511

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 immediately in certain circumstances or upon up to 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. On October 21, 2020 the agreements with both ACMag and ACMest were terminated by mutual agreement of the parties. Also see *Note 6 – Commitments, contingent liabilities, and contingent assets and Note 15 – Subsequent events*.

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

11. 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.

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

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:

	2020	2019
L-DOS47	$ 4,715	$ 3,530
CAR-T	64	333
Corporate research and development expenses	393	531
Trademark and patent related expenses	516	435
Stock-based compensation expense	117	197
Amortization of property plant and equipment	54	48
Amortization of right of use assets	129	–
Research and development investment tax credits	(120)	(126)
	$ 5,868	$ 4,948

12. Operating, General and Administration

The following table outlines operating, general and administration costs expensed a for the fiscal years ended July 31:

	2020	2019
Wages and benefits	$ 434	$ 493
Director fees	174	162
Third-party advisors	1,419	762
Other general and administrative	339	239
Stock-based compensation expense	353	164
Amortization of property plant and equipment	3	7
Amortization of right of use assets	26	–
	$ 2,748	$ 1,827

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 2020 is 25.8% (2019 – 25.8%).

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

As at July 31, 2020, the Company has Canadian tax losses that can be carried forward of approximately $96,760,000 (2019 – $89,182,000) and are available until 2040 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	5,739
2040	7,591
	$ 96,760

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

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

	2020	2019
Deferred tax assets:		
Scientific Research & Experimental Development expenditure pool	$ 13,013	$ 12,716
Non-capital losses and other credits carried forward	24,967	23,012
Capital losses carried forward	315	156
Excess of tax basis over book basis of capital assets	1,864	1,757
Deductible share issue costs	762	629
	$ 40,921	$ 38,270

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, 2020 is approximately $50,432,000 (2019 – $49,280,000).

Investment tax credits

The Company has also earned investment tax credits in Canada, on eligible SR&ED expenditures at July 31, 2020 of approximately $11,808,000 (2019 – $11,681,000), which can offset Canadian income taxes otherwise payable in future years up to 2040. 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 $120,000 (2019 – $238,000). At July 31, 2020, cash refundable investment tax credits total $120,000 (2019 – $121,000). 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.

14. Assets held for sale, discontinued operations and Non-Controlling Interest ("NCI")

On August 21, 2019, January 13, 2020 and March 12, 2020, in connection with the Company's three private placements the Company also sold 49% of its ownership interest in its Polish subsidiary, Helix Immuno-Oncology S.A. See also *Note 6 – Shareholders' equity / (deficiency)*. On March 16, 2020, the Company publicly announced its intention to divest its remaining 51% ownership interest in the Polish subsidiary.

The Company has also approved an increase in share capital of HIO and the issuance of up to 2.2 million Series B ordinary shares in the capital of HIO to enable HIO to issue up to 2.2 million Series B ordinary shares by way of a direct private placement financing for aggregate gross proceeds of approximately 2.97 million Polish zloty. HIO completed the private placement on July 8, 2020 and as a result the Company's shareholding in HIO at July 31, 2020 represents 42.51% of the outstanding shares of HIO.

The Company continues to be in discussion with CAIAC Fund Management AG, to divest its remaining holdings in HIO for gross proceeds of 6.7 million Polish zloty (approximately $2.3 million). The transaction was originally scheduled to close on Aug. 31, 2020 but was deferred to October 31, 2020 and is subject to a number of conditions, including the raising of a minimum 7.3 million Polish zloty by the fund as well as regulatory approval of the transaction, if required. There can be no assurance that the closing of the divestment will occur.

The Company entered into agreements with HIO, pursuant to which it has cancelled an aggregate amount of approximately $2.7 million of intercompany debt owed to the Company by HIO. Since HIO is a subsidiary of the Company, the consolidated statements of financial position of the Company have not presented intercompany transactions. As part of the debt cancellation agreements and the termination by HIO of the Grant Funding Agreement (the "Agreement") with the Polish National Centre for Research and Development ("PNCRD")., the Company and HIO agreed to terminate both the Biphasix asset transfer agreement and the V-DOS47 license agreement. In certain cases of termination, HIO may be obligated to return any financial support in full within fourteen days of the day notice is served by the PNCRD along with any interest. As at July 31, 2020, HIO had received subsidies from the PNCRD of approximately $1,457,000.

As a result, all transferred assets related to Biphasix and V-DOS47 have been automatically reassigned and transferred from HIO back to the Company without any formality. The Company has also ceased financing HIO with immediate effect as of June 25, 2020.

Summarized financial information in relation to HIO, the Company's subsidiary with a non-controlling interest, is presented below. HIO has been classified as held for sale and as a discontinued operation at July 31, 2020.

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

Summarized financial information in relation to HIO is presented below together with the amounts attributable to NCI.

Statement of stand alone net loss and comprehensive loss for the fiscal years ended July 31:

	2020	2019
Research and development expenses (net of PNCRD grant)	$ 43	$ 1
Operating, general and administration	459	648
Finance items	111	70
Net loss and comprehensive loss	613	719
Net loss and comprehensive loss allocated to NCI	189	–

Statement of financial position, before intra-company elimination entries, as at July 31:

	2020	2019
Assets:		
Current assets	$ 1,002	$ 171
Property, plant and equipment	69	121
Liabilities:		
Current liabilities	49	240
Shareholders’ equity / (deficiency)	1,022	(1,266)
Accumulated non-controlling interest	587	–

Assets and liabilities held for sale at July 31, 2020 are $156,000 (2019 - $nil) and $49,000 (2019 - $nil), respectively.

15. Subsequent events

On September 3, 2020, HIO closed a direct private placement resulting in a dilution of the Company’s holding in HIO from 42.51% at July 31, 2020 down to 29.89%.

On October 21, 2020 the agreements with both ACM Alpha Consulting Management EST and ACM Alpha Consulting Management AG were terminated by mutual agreement of the parties.

16. Reclassification of prior year presentation

Certain prior period amounts have been reclassified for consistency with the current fiscal period presentation. The adjustment reflects the reclassification of discontinued operations associated with the Company’s Polish subsidiary, HIO. On the Consolidated Statement of Financial Position as at July 31, 2020, assets available for sale in addition to liabilities related to assets held for sale have been reclassified and separately disclosed from other assets and liabilities. On the Consolidated Statement of Net Loss and Comprehensive Loss, expenses and finance items associated with HIO have been reclassified and the total separately disclosed as net loss from discontinued operations for the current period and comparative prior periods. On the Consolidated Statement of Cash Flows, net cash flows attributable to the operating, investing, and financing activities of discontinued operations have been separately disclosed for the current period and comparative prior periods.