IMMUNOPRECISE ANTIBODIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2018 AND 2017

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of
ImmunoPrecise Antibodies Ltd.

We have audited the accompanying consolidated financial statements of ImmunoPrecise Antibodies Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at April 30, 2018 and April 30, 2017, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ImmunoPrecise Antibodies Ltd. and its subsidiaries as at April 30, 2018 and April 30, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of ImmunoPrecise Antibodies Ltd. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
August 27, 2018

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	April 30, 2018 $	April 30, 2017 $
ASSETS			
Current assets			
Cash		1,806,133	2,578,445
Amounts receivable		1,660,468	432,559
Inventory		412,690	58,499
Unbilled revenue		560,770	36,929
Prepaid expenses		342,636	116,808
Investment tax credits recoverable		-	61,151
		4,782,697	3,284,391
Investment	**9**	90,404	-
Equipment and leasehold improvements	**10**	1,581,369	644,578
Intellectual property	**7, 11**	4,042,483	-
Goodwill	**7**	4,892,157	-
Unallocated purchase price	**8**	9,186,330	-
Total assets		24,575,440	3,928,969
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**17**	2,041,630	664,447
Deferred revenue		317,539	172,468
Loans payable	**14**	187,814	-
Deferred acquisition payments	**7, 8**	1,737,337	-
		4,284,320	836,915
Debentures	**13**	3,489,397	-
Loans payable	**14**	102,631	-
Leases	**15**	38,984	-
Deferred acquisition payments	**7, 8**	3,074,822	-
Deferred income tax liability	**18**	882,336	-
		11,872,490	836,915
SHAREHOLDERS' EQUITY			
Share capital	**16**	20,455,112	7,459,909
Contributed surplus	**16**	1,707,738	198,032
Accumulated other comprehensive income		277,090	-
Deficit		(9,736,990)	(4,565,887)
		12,702,950	3,092,054
Total liabilities and equity		24,575,440	3,928,969

Nature of operations (Note 1)
Commitments (Note 19)
Subsequent events (Notes 16 and 24)

Approved and authorized on behalf of the Board of Directors on August 27, 2018

"Robert Beecroft" Director   *"Greg Smith"* Director

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

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended April 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Note	2018 $	2017 $
REVENUE		5,441,349	2,630,515
COST OF SALES		2,990,323	1,209,706
GROSS PROFIT		2,451,026	1,420,809
EXPENSES			
Advertising		134,680	119,192
Amortization	**10**	233,534	50,609
Bad debt		16,454	18,485
Consulting fees	**17**	864,549	803,314
Foreign exchange loss		101,543	33,009
Insurance		39,845	-
Interest and bank charges		50,591	11,985
Management fees	**17**	429,184	-
Office and general		563,996	77,674
Professional fees	**17**	1,030,178	308,628
Rent		65,093	11,323
Repairs and maintenance		22,985	-
Research and development		509,248	660,408
Salaries and benefits	**17**	1,852,322	453,258
Share-based payments	**16, 17**	1,221,511	198,032
Telephone and utilities		26,395	4,967
Travel		218,125	56,399
		7,380,233	2,807,283
Loss before other income (expenses) and income taxes		(4,929,207)	(1,386,474)
OTHER INCOME (EXPENSES)			
Accretion	**7, 8, 13**	(205,185)	(4,231)
Interest and other income		73,004	-
Loss on debt settlement	**16**	-	(188,333)
Listing expense	**6**	-	(3,887,160)
		(132,181)	(4,079,724)
Loss before income taxes		(5,061,388)	(5,466,198)
Income taxes	**18**	(109,715)	82,378
NET LOSS FOR THE YEAR		(5,171,103)	(5,383,820)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO LOSS			
Exchange difference on translating foreign operations		277,090	-
COMPREHENSIVE LOSS FOR THE YEAR		(4,894,013)	(5,383,820)
LOSS PER SHARE – BASIC AND DILUTED		(0.11)	(0.27)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		45,532,568	19,810,022

Certain expenses have been reclassified to cost of sales in the comparative year to present gross profit.

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars, except for share figures)

	Number of Shares	Share Capital $	Contributed Surplus $	Accumulated Other Comprehensive Loss $	Retained Earnings (Deficit) $	Total $
Balance, April 30, 2016	**2,780**	**332**	**-**	**-**	**907,933**	**908,265**
Recapitalization transactions (Note 6)						
Shares issued to Tanqueray shareholders for RTO	13,275,639	3,982,692	-	-	-	3,982,692
Exchanged for shares issued to 0496106 BC Ltd. shareholders pursuant to RTO	9,602,966	-	-	-	-	-
0496106 BC Ltd. shares cancelled pursuant to RTO	(2,780)	-	-	-	-	-
Return of capital	-	(1,000,000)	-	-	-	(1,000,000)
Shares issued pursuant to private placements	14,883,250	4,313,250	-	-	-	4,313,250
Shares issued pursuant to debt settlement	166,667	213,333	-	-	-	213,333
Shares issued pursuant to exchangeable note	650,000	104,215	-	-	-	104,215
Cash issue costs	-	(153,913)	-	-	-	(153,913)
Share-based payments	-	-	198,032	-	-	198,032
Dividends paid	-	-	-	-	(90,000)	(90,000)
Comprehensive loss for the year	-	-	-	-	(5,383,820)	(5,383,820)
Balance, April 30, 2017	**38,578,522**	**7,459,909**	**198,032**	**-**	**(4,565,887)**	**3,092,054**
Shares issued pursuant to private placements	5,250,000	5,250,000	-	-	-	5,250,000
Cash issue costs and finders' fees	281,100	(29,669)	-	-	-	(29,669)
Shares issued pursuant to acquisition of U-Protein (Note 7)	3,030,503	3,022,308	-	-	-	3,022,308
Shares issued pursuant to acquisition of ModiQuest and Immulease (Note 8)	6,600,399	3,909,250	-	-	-	3,909,250
Warrants attached to Debentures offering	-	-	214,872	-	-	214,872
Finder's shares and finder's warrants issued pursuant to Debentures offering	580,320	383,010	187,627	-	-	570,637
Shares issued pursuant to warrant exercise	650,000	195,000	-	-	-	195,000
Shares issued pursuant to option exercise	503,334	265,304	(114,304)	-	-	151,000
Share-based payments	-	-	1,221,511	-	-	1,221,511
Comprehensive loss for the year	**-**	**-**	**-**	277,090	(5,171,103)	(4,894,013)
Balance, April 30, 2018	**55,474,178**	**20,455,112**	**1,707,738**	**277,090**	**(9,736,990)**	**12,702,950**

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

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended April 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018 $	2017 $
Operating activities:		
Net loss for the year	(5,171,103)	(5,383,820)
Items not affecting cash:		
Amortization	458,079	50,609
Deferred income taxes	63,389	(82,378)
Loss on debt settlement	-	188,333
Accretion and accrued interest	205,185	6,715
Listing expense	-	3,887,160
Share-based payments	1,221,511	198,032
	(3,222,938)	(1,135,349)
Changes in non-cash working capital related to operations:		
Amounts receivable	(284,952)	(46,801)
Inventory	(27,944)	(58,499)
Unbilled revenue	(320,974)	31,816
Investment tax credits recoverable	61,151	147,896
Prepaid expenses	(225,828)	(109,022)
Accounts payable and accrued liabilities	482,990	522,166
Deferred revenue	122,174	(106,867)
Net cash used in operating activities	(3,416,322)	(754,660)
Investing activities:		
Investments and marketable securities	-	214,143
Cash acquired on RTO	-	141,994
Purchase of equipment	(345,487)	(530,750)
Cash paid to acquire U-Protein	(4,062,607)	-
Cash acquired on acquisition of U-Protein	797,276	-
Cash paid to acquire ModiQuest	(3,831,762)	-
Cash acquired on acquisition of ModiQuest	270,339	-
Net cash used in investing activities	(7,172,241)	(174,613)
Financing activities:		
Proceeds on share issuance	5,596,000	4,313,250
Share issuance costs	(29,669)	(153,913)
Return of capital	-	(1,000,000)
Proceeds from exchangeable note	-	97,500
Net proceeds from debentures	4,241,700	-
Repayment of loans payable	(6,124)	-
Dividends paid	-	(90,000)
Net cash provided by financing activities	9,801,907	3,166,837
(Decrease) increase in cash during the year	(772,312)	2,237,564
Foreign exchange	14,344	-
Cash – beginning of the year	2,578,445	340,881
Cash – end of the year	1,806,133	2,578,445
Cash paid for interest	533	(1,281)
Cash paid for income tax	152,168	-

Supplemental cash flow information (Note 23)

1. NATURE OF OPERATIONS

ImmunoPrecise Antibodies Ltd. (the "Company" or "IPA") was incorporated under the laws of Alberta on November 22, 1983. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 life science issuer under the trading symbol "IPA". The Company's OTC symbol is "IPATF". The address of the Company's corporate office is 3204 – 4464 Markham Street, Victoria, BC, Canada V8Z 7X8.

On December 21, 2016, IPA completed a reverse takeover transaction (the "RTO" or the "Transaction") with 0496106 BC Ltd., pursuant to which IPA acquired all of the issued and outstanding common shares of 0496106 BC Ltd. Upon completion of the Transaction, the consolidated entity has continued to carry on the business of 0496106 BC Ltd., which is as a supplier of custom hybridoma development services. Refer to Note 6.

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The Company has incurred operating losses since inception, including $5,171,103 for the year ended April 30, 2018 and has accumulated a deficit of $9,736,990 as at April 30, 2018. The Company may need to raise additional funds in order to continue on as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and profitability of its operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the consolidated financial statements. Subsequent to April 30, 2018, the Company closed a non-brokered private placement financing by issuing a total of 875,000 units of the Company for gross proceeds of $700,000.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and include the significant accounting policies as described in Note 3.

These consolidated financial statements were approved by the Board of Directors for issue on August 27, 2018.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cashflow information.

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the following subsidiaries which are wholly owned and subject to control by the Company:

(Expressed in Canadian Dollars)

Name of Subsidiary	2018 % Equity Interest	2017 % Equity Interest	Country of Incorporation
0496106 BC Ltd.	100%	100%	Canada
ImmunoPrecise Antibodies (USA) Ltd.	100%	Nil	USA
U-Protein Express BV (“U-Protein”)	100%	Nil	Netherlands
ImmunoPrecise Netherlands BV	100%	Nil	Netherlands
ModiQuest Research B.V. ("ModiQuest")	100%	Nil	Netherlands
Immulease B.V. ("Immulease")	100%	Nil	Netherlands

Control is achieved when the Company has the power to, directly or indirectly, 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 obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

(d) Functional and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

The functional currency of the Company and 0496106 BC Ltd. is the Canadian dollar. The functional currency of ImmunoPrecise Antibodies (USA) Ltd. is the US dollar. The functional currency of U-Protein, ImmunoPrecise Netherlands BV, ModiQuest and Immulease is the Euro. The presentation currency of the Company is the Canadian dollar.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income as cumulative translation differences.

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquire and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* or IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluded taxes. The following specific recognition criteria must also be met before revenue is recognized:

Contract revenue:

Contract revenue is recognized on a percentage of completion basis based on key milestones contained within the contract.

Sale of antibodies:
Revenue from sale of antibodies is recognized when:

- The significant risks and rewards of ownership have been transferred;
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold has been retained;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

These conditions are generally satisfied when title passes to the customer. In most instances, sales revenue is recognized when the product is delivered to the destination specified by the customer, which is typically at the customer's premises.

Revenue is measured at the fair value of consideration received or receivable.

Unbilled revenue and deferred revenue:
Amounts recognized as revenue in excess of billings are classified as unbilled revenue. Amounts received in advance of the performance of services are classified as deferred revenue.

Financial instruments
Financial instruments are classified into one of six categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost. All financial instruments are initially measured in the statement of financial position at fair value. The accounting for subsequent measurement and changes in fair value will depend on their initial classification, as follows: fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; held-to-maturity investments, loans and receivables and financial liabilities are subsequently measured at amortized cost.

In estimating fair value, the Company uses quoted market prices when available. Models incorporating observable market data along with transaction specific factors are also used in estimating fair value. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of observability of inputs that are significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the following fair value hierarchy levels:

Level 1 – quoted prices in active markets for identical assets or liabilities,
Level 2 – techniques (other than quoted prices included in level 1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – techniques which use inputs which have a significant effect on recorded fair values for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and amounts receivables are classified as loans and receivables. Investment is classified as available-for-sale. Accounts payable and accrued liabilities, deferred acquisition payments, loans payable and debentures are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs in respect of financial instruments at fair value through profit and loss are recognized in profit and loss immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

Government assistance

The Company periodically applies for financial assistance under available government incentive programs. Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets. Government assistance relating to research and development expenditures is recorded as a reduction of current year's expenses when the related expenditures are incurred.

Inventory

Inventory consists of supplies, parts and antibodies and is valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

Equipment and leasehold improvements

Equipment and leasehold improvements are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method over the following terms:

Asset	Basis	Term
Lab equipment	Straight line	5 years
Furniture and equipment	Straight line	5 years
Computer hardware	Straight line	2 years
Computer software	Straight line	1 year
Leasehold improvements	Straight line	Remaining term of the lease plus the first renewal option

During the year ended April 30, 2018, the Company changed its amortization method and rates to better estimate the assets' useful lives. This change has been applied retrospectively.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognised.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill is not subject to amortization and an impairment test is performed annually or as events occur that could indicate impairment. Goodwill is reported at cost less any impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units" or "CGU"s). To test for impairment, goodwill is allocated to each of the Company's CGUs, groups of CGUs, or an operating segment expected to benefit from the acquisition. Goodwill is tested by combining the carrying amounts of equipment and leasehold improvements, intangible assets and goodwill and comparing this to the recoverable amount. Fair value less costs of disposal, is price to be received in an orderly transaction between market participants. Value in use is assessed using the present value of the expected future cash flows. Any excess of the carrying amount over the recoverable amount is recorded as impairment. Impairment charges, which are not tax affected, are recognized in in profit or loss and are not reversed.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of their carrying amount to the recoverable amount. The recoverable amount is the higher of the fair value less selling costs or the value in use. Value in use is determined by the present value of the future cash flows from the asset. If the recoverable amount is less than the carrying amount, then there is impairment. Where an impairment loss exists, the portion of the carrying amount exceeding the recoverable amount is recorded as an expense immediately. Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstance indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. The reversal is recognized in profit or loss immediately.

Income taxes

Income taxes are recognized in the statement of comprehensive income, except where they relate to items recognized directly in equity, in which case the related taxes are recognized in equity.

Deferred tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in profit or loss or equity, as applicable, in the period of substantive enactment.

Current taxes receivable or payable are estimated on taxable income for the current year at the statutory tax rates enacted or substantively enacted.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities, in a particular jurisdiction, will be available against which the assets can be utilized.

As an exception, deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit.

Investment tax credits (“ITCs”) are accounted for as a reduction in the cost of the expense when there is reasonable assurance that such credits will be realized. These ITCs are used to reduce current income taxes payable.

Leases

Leases meeting certain criteria are accounted for as finance leases. The imputed interest is charged against operations. If the lease contains a term that allows ownership to pass to the Company, or there is a bargain purchase option, the capitalized value is amortized over the estimated useful life of the related asset. The capitalized value is amortized over the lesser of the lease term and its estimated useful life. All other leases are accounted for as operating leases and the leased assets are not recognized on the Company’s statement of financial position.

Exchangeable notes

Exchangeable notes are separated into their liability and equity components on the statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of a similar liability without an associated equity conversion feature and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for debt with similar terms at the time of issue. The fair value of the equity component (conversion feature) is determined at the time of issue as the difference between the face value of the exchangeable note and the fair value of the liability component.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Proceeds from unit placements are allocated between common shares and warrants issued based on the residual value method, with the common shares being valued first.

Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following revised standards are effective for the annual periods noted with earlier application permitted. The Company also has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9"), which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") and all previous versions of IFRS 9. The new standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company intends to adopt IFRS 9 in its financial statements for the fiscal year beginning May 1, 2018. The adaption of this standard is not expected to have material impact on the Company's financial statements.

Revenue recognition

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15') establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt IFRS 15 in its financial statements for the fiscal year beginning May 1, 2018. The extent of the impact of adoption has not yet been determined.

Leases
In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning May 1, 2019. The extent of the impact of adoption has not yet been determined.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS required estimates and judgments that affect the amounts reported in the financial statements. Actual results could differ from these estimates and judgments. Significant areas requiring the use of estimates and judgments are as follows:

Functional currency
The Company has used judgment in determining the currency of the primary economic environment in which the entity operates.

Amounts receivable
The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual trade receivable balances will be paid. Credit risks for outstanding customer receivables are regularly assessed and allowances are recorded for estimated losses.

Investment tax credit receivable
The investment tax credits are estimated by management based on quantitative and qualitative analysis and interpretation of various government programmes, related restrictions, limitations, definitions, and eligibility conditions. Management involves its technical staff and external specialists in determining if the expenditures meet the requirements of the different tax credit claims.

Equipment
The Company has used estimates in the determination of the expected useful lives of equipment and leasehold improvements.

Revenue recognition
The percentage-of-completion method requires the use of estimates to determine the stage of completion which is used to determine the recorded amount of revenue, unbilled revenue and deferred revenue on uncompleted contracts. The determination of anticipated revenues includes the contractually agreed revenue and may also involve estimates of future revenues if such additional revenues can be reliably estimated and it is considered probable that they will be recovered. The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors, including the cost of materials, labour, and sub-contractors. The determination of estimates is based on the Company's business practices as well as its historical experience. Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised.

Impairments
Each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment-based, a formal estimate of recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU of assets is measured at the higher of fair value less costs of disposal or value in use. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in profit or loss.

The Company performs a goodwill impairment test annually and when circumstances indicate that the carrying value may not be recoverable. For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to a single CGU. The recoverable amount of the CGU was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The cash flows were projected over a five-year period based on past experience and actual operating results.

The Company performed its annual goodwill impairment test on April 2018 and no impairment was indicated for the period tested. The values assigned to the key assumptions represented management's assessment of future trends in the industry, and were based on historical data from both internal and external sources. Weighted average costs of capital of 17.89% was used in this assessment.

<u>Determination of segments</u>
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed by the Company's management in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as those that can be allocated on a reasonable basis.

As the Company provides antibody production and related services in one distinct category, there is only one category to report revenues by geographical area.

<u>Life of intangible assets</u>
Intangible assets are amortized based on estimated useful life less their estimated residual value. Significant assumptions are involved in the determination of useful life and residual values and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions. Actual useful life and residual values may vary depending on a number of factors including internal technical evaluation, attributes of the assets and experience with similar assets. Changes to these estimates may affect the carrying value of assets, net income (loss) and comprehensive income (loss) in future periods.

<u>Purchase price allocation</u>
The acquisition of U-Protein on August 22, 2017 and the acquisition of ModiQuest and Immulease on April 5, 2018 were accounted for as business combinations at fair value in accordance with IFRS 3, *Business Combinations*. The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a preliminary purchase price allocation, as described below.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including the deferred acquisition payment obligations. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value, and also relies on work performed by third-party valuation specialists. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied.

6. REVERSE TAKEOVER

On December 21, 2016, IPA completed the Transaction with 0496106 BC Ltd., pursuant to which IPA acquired all of the issued and outstanding common shares of 0496106 BC Ltd. Upon completion of the Transaction, the consolidated entity (the "Resulting Issuer") has continued to carry on the business of

(Expressed in Canadian Dollars)

0496106 BC Ltd., which is as a supplier of custom hybridoma development services. As part of the Transaction, the Company changed its name from Tanqueray Exploration Ltd. to ImmunoPrecise Antibodies Ltd. and commenced trading on the Exchange under the symbol "IPA" on December 29, 2016.

Under the terms of the Transaction, IPA acquired all of the issued and outstanding common shares of 0496106 BC Ltd. and, in consideration of which, IPA (A) paid the principal shareholders of 0496106 BC Ltd. $1,000,000 and (B) issued a total of 9,602,966 common shares to the shareholders of 0496106 BC Ltd. such that they hold 25% of the issued and outstanding shares of the Company on closing of the Transaction and the concurrent private placement that closed at the same time.

As a result of the Transaction, the former shareholders of 0496106 BC Ltd., for accounting purposes, were considered to have acquired control of IPA. Accordingly, the acquisition of 0496106 BC Ltd. was accounted for as a reverse takeover that was not a business combination and effectively was a capital transaction of 0496106 BC Ltd. 0496106 BC Ltd. has been treated as the accounting parent company (legal subsidiary) and IPA has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As 0496106 BC Ltd. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. IPA's results have been included from December 21, 2016, the date of the Transaction.

The cash consideration has been treated as a return of capital. Since IPA's operations did not constitute a business, the carrying value of the net assets of IPA has been credited to the share capital of the Resulting Issuer. Listing expense is expensed and represents the excess of fair value of IPA shares issued in the concurrent financing at $0.30 per share over the net assets of IPA.

As part of the Transaction, the Company paid a finder's fee of $97,022.

The purchase price has been allocated as follows:

	$
Fair value of consideration – 13,275,639 common shares of the Company at $0.30 per share	3,982,692
Cash	141,994
Amounts receivable	3,595
Prepaid expenses	5,000
Equipment and leasehold improvements	1,784
Accounts payable and accrued liabilities	(56,841)
Listing expense	3,887,160
	3,982,692

7. ACQUISITION OF U-PROTEIN

On August 22, 2017, the Company completed the acquisition of U-Protein whereby the Company has acquired all of the issued and outstanding shares of U-Protein for €6,830,000 on terms as follows:

- €2,734,732 (CAD$4,062,607) was paid in cash on closing;
- 3,030,503 common shares of the Company were issued on closing; and
- €2,047,634 in deferred payments over a three-year period. The deferred payments can be made in cash or common shares of the Company at the election of U-Protein shareholders.

(Expressed in Canadian Dollars)

The transaction was accounted for as a business combination, as the operations of U-Protein meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs of $17,717 were expensed. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets represented the sales and growth potential of U-Protein. Goodwill recorded is allocated in its entirety to U-Protein.

The consideration transferred was allocated on a preliminary basis to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Due to the timing of the acquisition, the fair values assigned to the net assets acquired are preliminary and may be revised by the Company as additional information is received. The Company has allocated the purchase price on a preliminary basis as follows:

	$
Cash	4,062,607
3,030,503 common shares of the Company	3,022,308
Fair value of deferred payments	2,134,410
Fair value of consideration	9,219,325
Cash	797,276
Amounts receivable	370,530
Unbilled revenue	112,815
Inventory	36,900
Investment	90,404
Equipment, net of accumulated amortization	216,161
Intellectual property (not deductible for tax purposes)	4,064,000
Goodwill (not deductible for tax purposes)	4,655,893
Accounts payable and accrued liabilities	(269,657)
Income taxes payable	(44,197)
Deferred income tax liability	(810,800)
	9,219,325

The fair value of the 3,030,503 common shares issued ($3,022,308) was determined based on the Canadian dollar equivalent of the consideration required of €2,047,634 pursuant to the share purchase agreement.

The operating results for U-Protein have been recognized in the consolidated statement of comprehensive loss beginning on August 23, 2017, the effective date of control. During the year ended April 30, 2018 the Company recorded revenues of $2,225,092 and net income of $582,955 related to U-Protein. If U-Protein had been acquired at the beginning of the year, revenues would have been $3,150,769 and net income would have been $1,152,197 related to U-Protein.

The deferred payments of €2,047,634 over a three-year period was fair valued on the date of acquisition using a discounted cash flow model. A discount rate of 16.3% was used. The changes in the value of the deferred payments during the year ended April 30, 2018 are as follows:

	$
Balance, April 30, 2017	-
Amount at date of acquisition	2,134,410
Accretion expense	157,491
Foreign exchange	116,304
Balance, April 30, 2018	2,408,205

(Expressed in Canadian Dollars)

8. ACQUISITION OF MODIQUEST AND IMMULEASE

On April 5, 2018, the Company acquired all of the issued and outstanding shares of ModiQuest and its sister entity, Immulease, for an aggregate purchase price of €7,000,000 on terms as follows:

- €2,500,000 (CAD$3,831,762) was paid in cash on closing;
- 6,600,399 common shares of the Company were issued on closing; and
- €2,000,000 in deferred payments over a three-year period. The deferred payments will be made in three equal installments of cash and equity totaling €666,666 and will be prorated if the EBITDA of ModiQuest for the fiscal year preceding the date of payment is less than its average EBITDA over the previous two fiscal years.

The transaction was accounted for as a business combination, as the operations of ModiQuest and Immulease meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs of $36,821 were expensed. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of ModiQuest.

The fair value of the consideration transferred has been determined on a preliminary basis. The consideration has been allocated to the assets acquired and liabilities assumed on a preliminary basis based on their estimated fair values at the date of acquisition. Due to the timing of the acquisition, the Company will require additional information to allocate the fair values to the net assets acquired, particularly to the intangible assets and goodwill acquired. The determination of the fair value of the net assets will be revised by the Company as additional information is received. The Company has allocated the purchase price on a preliminary basis as follows:

	$
Cash	3,831,762
6,600,399 common shares of the Company	3,909,250
Fair value of deferred payments	2,409,307
Fair value of consideration	10,150,319
Cash	270,339
Amounts receivable	572,427
Unbilled revenue	90,052
Inventory	289,347
Equipment, net of accumulated amortization	568,221
Accounts payable and accrued liabilities	(580,339)
Deferred revenue	(22,897)
Loans	(298,979)
Total net assets acquired and liabilities assumed	888,171
Unallocated purchase price	9,262,148

The fair value of the 6,600,399 common shares issued ($3,909,250) was determined based on the Canadian dollar equivalent of the consideration required of €2,500,000 pursuant to the share purchase agreement.

The operating results for ModiQuest and Immulease have been recognized in the consolidated statement of comprehensive loss beginning on April 6, 2018, the effective date of control. During the year ended April 30, 2018 the Company recorded revenues of $159,803 and net loss of $142,353 related to ModiQuest and Immulease. If ModiQuest and Immulease had been acquired at the beginning of the year, revenues would have been $3,342,434 and net income would have been $499,892 related to ModiQuest and Immulease.

(Expressed in Canadian Dollars)

The deferred payments of €2,000,000 over a three-year period was fair valued on the date of acquisition using a discounted cash flow model. A discount rate of 14.8% was used. The changes in the value of the deferred payments during the year ended April 30, 2018 are as follows:

	$
Balance, April 30, 2017	-
Amount at date of acquisition	2,409,307
Accretion expense	14,488
Foreign exchange	(19,841)
Balance, April 30, 2018	2,403,954

9. INVESTMENT

Investment consists of a 37% interest in QVQ Holding B.V. (“QVQ”), which is recorded at cost.

Judgment is required as to the extent of influence that the Company has over QVQ. The Company considered the extent of voting power over the entity, the power to participate in financial and operating policy decisions of the entity, representation on the board of directors, material transactions between the entities, interchange of management personnel, and provision of essential technical information. The Company has determined that the Company is not considered to have significant influence over QVQ, as the Company does not have the power to participate in financial and operating policy decisions, does not have representation on the Board of Directors of QVQ, and the majority of the common shares are held by QVQ management.

10. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Computer Hardware	Furniture & Equipment	Computer Software	Leasehold Improvements	Lab Equipment	Total
	$	$	$	$	$	$
Cost:						
Balance, April 30, 2016	62,399	75,384	6,754	49,221	655,503	849,261
Additions	4,313	4,953	-	238,365	284,903	532,534
Balance, April 30, 2017	66,712	80,337	6,754	287,586	940,406	1,381,795
Acquired on acquisitions of U-Protein and ModiQuest	-	-	-	-	1,603,504	1,603,504
Additions	27,101	18,190	5,619	105,835	227,726	384,471
Foreign exchange	-	-	-	-	15,469	15,469
Balance, April 30, 2018	**93,813**	**98,527**	**12,373**	**393,421**	**2,787,105**	**3,385,239**
Accumulated Amortization:						
Balance, April 30, 2016	56,689	63,090	6,754	33,901	526,174	686,608
Amortization	2,731	4,333	-	8,537	35,008	50,609
Balance, April 30, 2017	59,420	67,423	6,754	42,438	561,182	737,217
Acquired on acquisition of U-Protein and ModiQuest	-	-	-	-	819,122	819,122
Amortization	11,463	2,795	1,545	59,614	164,176	239,593
Foreign exchange	-	-	-	-	7,938	7,938
Balance, April 30, 2018	**70,883**	**70,218**	**8,299**	**102,052**	**1,552,418**	**1,803,870**

(Expressed in Canadian Dollars)

Net Book Value:						
April 30, 2017	7,292	12,914	-	245,148	379,224	644,578
April 30, 2018	**22,930**	**28,309**	**4,074**	**291,369**	**1,234,687**	**1,581,369**

The Company acquired $1,784 of furniture and equipment on completion of the RTO.

11. INTELLECTUAL PROPERTY

The intellectual property was acquired as a result of the acquisition of U-Protein. The intellectual property is amortized using the straight-line method over the useful life of 10 years. The changes in the value of the intellectual property during the year ended April 30, 2018 are as follows:

	$
Balance, April 30, 2017	-
Amount at date of acquisition	4,064,000
Amortization	(218,487)
Foreign exchange	196,970
Balance, April 30, 2018	4,042,483

12. EXCHANGEABLE NOTE

On September 12, 2016, the Company entered into an exchangeable note for an aggregate sum of $97,500. The exchangeable note bore interest at a rate of 5% per annum and was due and payable on September 12, 2017. The holder of the exchangeable note may exchange principal amount of the note for 650,000 units of the Company. Each unit was comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant would be exercisable into one additional common share at a price of $0.30 per share for a period of one year from the date of issuance of the warrants.

For accounting purposes, the exchangeable note was separated into liability and equity components. The fair value of the liability component was calculated as the discounted cash flows for the exchangeable note assuming a 15% effective interest rate which was the estimated rate for exchangeable notes without a conversion feature. On initial recognition, the Company bifuricated $89,022 to the carrying value of the loan and $8,478 to equity.

On March 17, 2017 the exchangeable note was converted into 650,000 units of the Company. On conversion date the Company had recorded interest and accretion of $6,715.

13. DEBENTURES

On April 5, 2018, the Company completed a nonconvertible debenture (the "Debentures") financing in the principal amount of $4,252,000 (the “Offering”). The Debentures are unsecured, bear interest at a rate of 10% per annum, payable semi-annually, and are due eighteen months from the date of issue. Under the Offering, a holder of a Debenture will receive 37,500 detachable share purchase warrants (the "Warrants") for every $25,000 of Debentures subscribed for by the holder. The Warrants are exercisable at $0.70 per share for a period of four years from the date of issue.

The fair value of the Debentures at the time of issue was calculated as the discounted cash flows assuming a 15% effective interest rate. The fair value of the Warrants was determined at the time of issue as the difference between the face value and the fair value of the Debentures. On initial recognition, the Company bifuricated $4,003,125 to the carrying value of the Debentures and $248,875 to the Warrants.

(Expressed in Canadian Dollars)

Under the Offering, the Company paid the following finder's fees: $10,300 in cash, 580,320 shares of the Company with a fair value of $383,010, and 415,942 finder's warrants valued at $187,627. The fair value of the finder's warrants was estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of $nil, risk free interest rate of 1.60%, expected life of 4 years and expected volatility based on the historical volatility of similar companies of 100%. The total fair value of the finder's fees including shares and finder's warrants issued is allocated pro-rata between the carrying values of the Debentures and the Warrants. $546,934 of transaction costs were allocated to the Debentures and $34,003 were allocated to the Warrants.

During the year ended April 30, 2018, the Company recorded accretion expense of $33,206 (2017 – $nil). The changes in the value of the Debentures during the year ended April 30, 2018 are as follows:

	$
Balance, April 30, 2017	-
Amount at date of issue	4,003,125
Transaction costs	(546,934)
Accretion expense	33,206
Balance, April 30, 2018	3,489,397

14. LOANS PAYABLE

On April 5, 2018, the Company assumed loans payable of €60,750 (CAD$94,995) as a result of the acquisition of ModiQuest. On July 7, 2015, ModiQuest entered into a loan agreement in the principal amount of €165,000, maturing on July 31, 2020. The loan is secured by certain equipment, bears an interest rate of 4% per annum and is repayable in monthly installments of €2,250. The interest is owed per month in arrears. The principal outstanding at April 30, 2018 is €58,500 (CAD$90,728).

On April 5, 2018, the Company assumed loans payable of €56,450 (CAD$88,271) as a result of the acquisition of ModiQuest. On February 1, 2016, ModiQuest entered into a loan agreement in the principal amount of €100,000, maturing on February 28, 2021. The loan is secured by certain equipment, bears an interest rate of 3% per annum and is repayable in monthly installments of €1,675. The interest is owed per month in arrears. The principal outstanding at April 30, 2018 is €54,775 (CAD$84,950).

On April 5, 2018, the Company assumed loans payable of €74,000 (CAD$115,713) as a result of the acquisition of Immulease. On May 18, 2016, Immulease entered into a credit facility agreement pursuant to which the lender provides a facility amount of up to €200,000. The credit facility is unsecured, bears an interest rate of 3% per annum and is repayable on demand. The interest is owed per month in arrears. The principal outstanding at April 30, 2018 is €74,000 (CAD$114,767).

	$
Balance, April 30, 2017	-
Loans payable assumed	298,979
Loan repayments and foreign exchange	(8,534)
Total	290,445
Current portion	(187,814)
Non-current portion	102,631

(Expressed in Canadian Dollars)

15. LEASES

The Company entered into certain equipment leases expiring between 2022 and 2023 with an interest rate of 17% per annum. The Company's obligations under these finance leases are secured by the lessor's title to the leased assets. The terms and the outstanding balances as at April 30, 2018 are as follows:

	$
Equipment under finance lease repayable in monthly instalments of $1,228 with interest of 17% per annum. Due dates are between June 2022 and March 2023.	46,458
Current portion	(7,474)
Non-current portion	38,984

As at April 30, 2018, the Company's equipment includes a net carrying amount of $48,762 (2017 – $nil) for the leased equipment.

The following is a schedule of the Company's future minimum lease payments related to the equipment under finance lease:

	$
2019	14,735
2020	14,735
2021	14,735
2022	14,735
2023	7,923
Total minimum lease payments	66,863
Less: imputed interest	(20,405)
Total present value of minimum lease payments	46,458
Less: Current portion	(7,474)
Non-current portion	38,984

16. SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

(Expressed in Canadian Dollars)

b) Share capital transactions:

2017 transactions

Prior to completion of the RTO, 0496106 BC Ltd. had the following shares outstanding:

Issued	$
1,000 Class D non-voting participating common shares without par value	10
1,000 Class E non-voting participating common shares without par value	10
500 Class F non-voting participating common shares without par value	5
280 Class G non-voting participating common shares without par value	207
400 Class H voting non-participating shares, redeemable at a price of $0.01 per share	4
11,400 Class I preferred non-voting, non-cumulative redeemable retractable shares redeemable at a price of $100 per share	96
	332

Prior to the completion of the RTO, 0496106 BC Ltd. declared dividends of $180 per class F common share for total dividends of $90,000. Upon completion of the RTO the original shares of 0496106 BC Ltd. were cancelled.

On December 21, 2016, 13,275,639 common shares were deemed to be issued by 0496106 BC Ltd. as a result of the RTO (refer to Note 6). The fair value of the 13,275,639 common shares deemed issued ($3,982,692) was estimated using a fair value of $0.30 per share.

On December 21, 2016 the Company completed a private placement, issuing 14,377,500 common shares at $0.30 per share for gross proceeds of $4,313,250. The Company also issued 505,750 finders' shares and incurred $153,913 of cash issue costs.

On March 17, 2017 the Company issued 650,000 units pursuant to the settlement of the exchangeable note (Note 12). Each unit consisted of one common share of the Company and one share purchase warrant. Each share purchase warrant was exercisable into one additional common share of the Company at a price of $0.30 per share and would expire on March 17, 2018.

The Company also issued 166,667 common shares to settle debt of $25,000. The shares were fair valued at $213,333 and therefore the Company recorded a loss on debt settlement of $188,333 during the year ended April 30, 2017.

2018 Transactions

On August 16, 2017, the Company completed a non-brokered private placement, issuing 5,250,000 common shares at $1.00 per share for gross proceeds of $5,250,000. The Company issued 281,100 common shares valued at $328,887 and paid a total of $24,000 as finders' fees. The Company also incurred $5,669 of cash issue costs.

On August 22, 2017, the Company issued 3,030,503 common shares pursuant to the acquisition of U-Protein. The shares were valued at $3,022,308, which was the Canadian dollar equivalent of the consideration required of €2,047,634 pursuant to the share purchase agreement.

On March 1, 2018, the Company issued 650,000 common shares pursuant to exercise of warrants for gross proceeds of $195,000.

On April 5, 2018, the Company issued 6,600,399 common shares pursuant to the acquisition of ModiQuest and Immulease. The shares were valued at $3,909,250, which was the Canadian dollar equivalent of the consideration required of €2,500,000 pursuant to the share purchase agreement.

On April 5, 2018, the Company issued 580,320 common shares of the Company and 415,942 finder's warrants pursuant to the Debentures Offering (Note 13). The fair value of the 580,320 common shares issued ($383,010) was estimated using a fair value of $0.66 per share.

During the year ended April 30, 2018, the Company issued 503,334 common shares pursuant to exercise of stock options for total gross proceeds of $151,000. A value of $114,304 was transferred from contributed surplus to share capital as a result. The weighted average share price at dates the stock options were exercised was $0.68.

c) Escrow

There are 6,511,780 common shares of the Company held in escrow as at April 30, 2018. Under the Escrow Agreement, the common shares held in escrow will be released from escrow as to 1,627,945 common shares on each of June 29, 2018, December 29, 2018, June 29, 2019 and December 29, 2019.

d) Options

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to ten years. The maximum number of options outstanding under the Plan shall not result, at any time, in more than 10% of the issued and outstanding common shares.

On December 21, 2016, the Company granted 1,655,000 stock options, exercisable at $0.30 per option, to officers, directors, employees and consultants of the Company. The options are subject to vesting conditions as follows: one-third 6 months after grant date; one-third 12 months after grant date and one-third 18 months after grant date. The fair value of these options was estimated to be $375,839 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 102%, a risk-free interest rate of 1.38%, and an expected life of 5 years.

On March 15 2017, the Company granted 305,000 stock options, exercisable at $1.24 per option, to consultants and employees of the Company. The options are subject to vesting conditions as follows: one-third 6 months after grant date; one-third 12 months after grant date and one-third 18 months after grant date. 105,000 options expire on March 15, 2022 and the fair value of these options was estimated to be $97,201 using the Black-Scholes option pricing model using the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk- free interest rate of 1.55%, and an expected life of 5 years. 200,000 options expire on March 15, 2019 and the fair value of these options was estimated to be $130,569 using the Black-Scholes option pricing model using the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.25%, and an expected life of 2 years.

On September 18, 2017, the Company granted 2,140,000 stock options, exercisable at $1.01 per option, to officers and employees of the Company. The options are subject to vesting conditions as follows: one-third 6 months after grant date; one-third 12 months after grant date and one-third 18 months after grant date. The fair value of these options was estimated to be $1,614,486 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.60%, and an expected life of 5 years.

(Expressed in Canadian Dollars)

On January 3, 2018, the Company granted 1,250,000 stock options, exercisable at $0.65 per option, to officers and directors of the Company. The options are subject to vesting conditions as follows: one-third 6 months after grant date; one-third 12 months after grant date and one-third 18 months after grant date. The fair value of these options was estimated to be $606,907 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.60%, and an expected life of 5 years.

On February 8, 2018, the Company granted 700,000 stock options, exercisable at $0.47 per option, to an officer of the Company. The options are subject to vesting conditions as follows: one-third 6 months after grant date; one-third 12 months after grant date and one-third 18 months after grant date. The fair value of these options was estimated to be $245,751 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.60%, and an expected life of 5 years.

Expected volatility was based on the historical volatility of similar companies.

During the year ended April 30, 2018 the Company has recorded $1,221,511 (2017 - $198,032) of share-based payments expense.

The changes in the stock options for the years ended April 30, 2018 and 2017 are as follows:

	Number of options #	Weighted average exercise price $	Weighted average life remaining (years)
Balance, April 30, 2016	**-**	**-**	**-**
Granted	1,960,000	0.45	-
Balance, April 30, 2017	**1,960,000**	**0.45**	**4.38**
Granted	4,090,000	0.81	-
Exercised	(503,334)	0.30	-
Forfeited	(675,000)	1.04	-
Balance, April 30, 2018	**4,871,666**	**0.68**	**4.20**
Unvested	(3,447,223)	0.70	4.42
Exercisable, April 30, 2018	**1,424,443**	**0.65**	**3.66**

Details of the options outstanding as at April 30, 2018 are as follows:

Expiry Date	Exercise price $	Remaining life (year)	Options outstanding	Unvested	Vested
March 15, 2019	1.24	0.87	200,000	66,667	133,333
December 20, 2021	0.30	3.65	1,143,333(1)	380,000	763,333
March 15, 2022	1.24	3.88	5,000	1,667	3,333
September 18, 2022	1.01	4.39	1,573,333(2)	1,048,889	524,444
January 3, 2023	0.65	4.68	1,250,000(3)	1,250,000	-
February 7, 2023	0.47	4.78	700,000	700,000	-
	0.68	**4.20**	**4,871,666**	**3,447,223**	**1,424,443**

(1) 110,000 of these options were exercised subsequent to April 30, 2018, and 250,000 of these options expired unexercised subsequent to April 30, 2018.
(2) 383,333 of these options expired unexercised subsequent to April 30, 2018.
(3) 500,000 of these options expired unexercised subsequent to April 30, 2018.

(Expressed in Canadian Dollars)

e) Warrants

The changes in the warrants for the years ended April 30, 2018 and 2017 are as follows:

	Number of warrants #	Weighted average exercise price $	Weighted average life remaining (years)
Balance, April 30, 2016	**-**	**-**	**-**
Issued	650,000	0.30	-
Balance, April 30, 2017	**650,000**	**0.30**	**0.88**
Issued	6,378,000	0.70	-
Exercised	(650,000)	0.30	-
Balance, April 30, 2018	**6,378,000**	**0.70**	**3.93**

Details of the warrants outstanding as at April 30, 2018 are as follows:

Expiry Date	Exercise price $	Remaining life (year)	Warrants outstanding
April 5, 2022	0.70	3.93	6,378,000

f) Finder's Warrants

As at April 30, 2018 the Company has 415,942 finder's warrants outstanding. The warrants have an exercise price of $0.70 per share and expire on March 26, 2022.

17. RELATED PARTY TRANSACTIONS

Key management compensation:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management consists of Thomas D'Orazio, former President and Chief Executive Officer; Robert Beecroft, former Interim Chief Executive Officer; Dr. Jennifer Bath, President and Chief Executive Officer; Natasha Tsai, Chief Financial Officer; Reginald Beniac, Chief Operating Officer; Oren Beske, former President of ImmunoPrecise Antibodies (USA) Ltd.; Martin Hessing, a Director of U-Protein; Jos Raats, President and CEO of ModiQuest; and Directors of the Company. The compensation for key management is as follows:

	2018 $	2017 $
Consulting fees	55,000	-
Management fees	131,614	-
Professional fees	58,569	-
Salaries and other short-term benefits	662,997	413,538
Severance	169,346	-
Share-based payments	474,824	134,320
	1,552,350	547,858

(Expressed in Canadian Dollars)

At April 30, 2018, included in accounts payable and accrued liabilities is $3,501 (2017 - $14,036) due to related parties.

During the years ended April 30, 2018, the spouse of a Director provided administrative services for $60,520 (2017 – $49,595).

18. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 26% (2017 - 26%) to the earnings before income taxes. The reasons for the differences and related tax effects are as follows:

	2018 $	2017 $
Earnings (loss) before income taxes	(5,280,728)	(5,466,198)
Income taxes (recovery) on earnings before income taxes, at above basic rate	(1,390,592)	(1,421,211)
Increase (decrease) in taxes resulting from:		
Small business tax rate	-	(41,473)
Non deductible expenses	370,685	1,064,319
Effects of tax rate change	(130,754)	-
Tax rate difference by jurisdiction	(35,247)	-
Tax benefits not recognized (recognized)	1,295,623	315,987
Income taxes (recovery)	109,715	(82,378)

	2018 $	2017 $
Current income taxes	163,902	4,253
Deferred income taxes (recovery)	(54,187)	(86,631)
Income taxes (recovery)	109,715	(82,378)

Temporary differences give rise to the following deferred income tax assets and liabilities:

	2018 $	2017 $
Non-capital losses carried forward (expire from 2026 to 2038)	2,390,030	1,291,000
Other tax pools	1,279,000	1,232,000
Capital losses carried forward	104,000	100,000
Equipment and leasehold improvements	88,000	(15,000)
Financing costs	231,000	80,000
Less: unrecognized deferred income tax asset	(3,210,030)	(2,688,000)
Deferred income tax liability	(882,000)	-

(Expressed in Canadian Dollars)

19. COMMITMENTS

During the year ended April 30, 2018, the Company extended its existing operation lease agreements for rental of office and laboratory space in Victoria, BC, Canada to include one additional office space and for an additional term of 5 years. The new lease agreement commenced May 1, 2018 and terminates on April 30, 2023. The new lease is in the amount of $21,015 per month for all four spaces from May 1, 2018 to April 30, 2021 and $21,914 per month from May 1, 2021 to April 30, 2023. The minimum annual payments under these leases are as follows:

	$
2019	209,440
2020	252,186
2021	252,186
2022	262,968
2023	262,968
	1,239,748

For the Company's rental of office and laboratory space in Utrecht, Netherlands, the current lease commenced on January 1, 2017 and terminates on December 31, 2019. Annual minimum lease payments are as follows:

	€
2019	124,741
2020	88,415
	213,156

For the Company's rental of office and laboratory space in Oss, Netherlands, the current lease commenced on January 1, 2018 and terminates on December 31, 2019. Annual minimum lease payments are as follows:

	€
2019	175,454
2020	116,969
	292,423

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity. The capital structure of the Company consists of credit facilities and shareholders' equity.

The Company makes adjustments to its capital structure upon approval from its Board of Directors, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

21. SEGMENTED INFORMATION AND ECONOMIC DEPENDENCE

At April 30, 2018 and 2017, the Company has one reportable segment, being antibody production and related services.

(Expressed in Canadian Dollars)

During the year ended April 30, 2018, the Company had sales to one (2017 - one) customers who in aggregate accounted for 10% (2017 – 24%) of revenue.

The Company's revenues are allocated to geographic segments for the years ended April 30, 2018 and 2017 as follows:

	2018 $	2017 $
United States of America	2,356,111	1,992,689
Canada	351,741	633,058
Europe	2,733,497	4,768
	5,441,349	2,630,515

The Company's non-current assets are allocated to geographic segments for the years ended April 30, 2018 and 2017 as follows:

	2018 $	2017 $
North America	681,312	644,578
Netherlands	19,111,431	-
	19,792,743	644,578

Geographic segmentation of the Company's (loss) income is as follows:

	2018 $	2017 $
North America	(5,611,705)	(5,383,820)
Netherlands	440,602	-
	(5,171,103)	(5,383,820)

22. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, amounts receivable, investment, accounts payable and accrued liabilities, loans payable, deferred acquisition payments and debentures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 - applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair value of investment is determined based on “Level 1” inputs which consist of quoted prices in active markets for identical assets. As at April 30, 2018, the Company believes that the carrying values of cash, amounts receivable, accounts payable and accrued liabilities, deferred acquisition payments, debentures, and loans payable approximate their fair values because of their nature and relatively short maturity dates or durations.

Concentration of risk:

Industry
The Company operates in the contract research organization sector and is affected by general economic trends. A decline in economic conditions, research spending or other adverse conditions could lead to reduced revenue.

Concentrations of credit risk
Credit risk relates to cash and amounts receivable and arises from the possibility that counterparty to an instrument may fail to perform. At April 30, 2018, all of the Company’s cash was held with tier one banks. The Company has evaluated accounts receivable and determined that there were no allowances for doubtful accounts at April 30, 2018 and 2017. During the year ended April 30, 2018 the Company incurred bad debt expense of $16,454 (2017 - $18,485).

Currency risk
The Company operates in the US and Europe which gives rise to exposure to market risks from changes in foreign currency values. Most significantly, the Company is exposed to potential currency fluctuations between US and Canadian dollars, and the Euro and Canadian dollar. Fluctuations in the exchange rate could impact profitability.

For the year ended April 30, 2018, a 5% increase in foreign exchange rates by the Canadian dollar relative to the US dollar would have decreased revenue by approximately $113,000.

For the year ended April 30, 2018, a 5% increase in foreign exchange rates by the Canadian dollar relative to the Euro would have decreased revenue by approximately $135,000.

At April 30, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars and Euros:

	Euros (€)	US Dollars (US $)
Cash	1,113,756	83,478
Amounts receivable	510,021	481,677
Investment	61,250	-
	1,685,027	565,155
Accounts payable and accrued liabilities	(479,139)	(338,045)
Loans payable	(187,275)	-
Deferred acquisition payments	(3,446,038)	-
	(4,112,452)	(338,045)
Net	(2,427,425)	227,110

Liquidity risk:
The Company's approach to managing its obligations is to maintain sufficient resources to meet its obligations when due without undue risk to the Company. The Company monitors its cash requirements on an ongoing basis to ensure that there are sufficient resources for operations as well as to fund anticipated leasing, capital and development expenditures. In addition, the Company manages its cash to meet its debt obligations and to fund general and administrative costs.

The Company currently has an undrawn credit facility of $150,000 available.

Contractual cash flow requirements as at April 30, 2018 were as follows:

	< 1 year $	1 – 2 years $	2 – 5 years $	>5 years $	Total $
Accounts payable and accrued liabilities	2,041,630	-	-	-	2,041,630
Loan payable	187,814	73,047	29,584	-	290,445
Deferred acquisition payments	2,092,490	2,092,490	2,092,496	-	6,277,476
Leases	14,735	14,735	37,393	-	66,863
Minimum lease payments	675,012	570,716	778,122	-	2,023,850
Debentures	-	4,252,000	-	-	4,252,000
Total	5,011,681	7,002,988	2,937,595	-	14,952,264

(Expressed in Canadian Dollars)

23. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing transactions:		
Debt settlement	-	213,333
Exchangeable note	-	104,215
Fair value of shares and warrants issued pursuant to debenture offering	785,509	-
Fair value of shares issued pursuant to acquisition of U-Protein	3,022,308	-
Fair value of shares issued pursuant to acquisition of ModiQuest	3,909,250	-

The following changes in liabilities arose from financing activities:

			Non-cash changes				
	April 30, 2017	**Cash Flows**	**Allocation of transaction costs and bifurcation**	**Acquisition**	**Accretion**	**Foreign exchange movements**	**April 30, 2018**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Deferred acquisition payments	-	-	-	4,543,717	171,979	96,463	4,812,159
Debentures	-	4,241,700	(785,509)	-	33,206	-	3,489,397
Loans payable	-	(6,124)	-	298,979	-	(2,410)	290,445
Leases	-	38,984	-	-	-	-	38,984
Total	-	4,274,560	(785,509)	4,842,696	205,185	94,053	8,630,985

24. SUBSEQUENT EVENTS

a) Private Placement Financing

On June 19, 2018, the Company closed a non-brokered private placement financing by issuing a total of 875,000 units ("Units") of the Company at a price of $0.80 per Unit for gross proceeds of $700,000 (the "Financing"). Each Unit consists of one common share of the Company and one share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase an additional Share at a price of $1.00 for a period of one year from the date of issue. The Company will have the right to accelerate the expiry date of the warrants provided that the volume weighted average price trades at a price equal to or greater than $1.50 for a period of 20 consecutive days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. The Company paid finders cash fees totaling $3,000.

b) Promissory Note

On May 23, 2018, the Company entered into a loan agreement with a Director of the Company and his spouse and issued a promissory note in the principal amount of $200,000. The note is unsecured and bears an interest rate of 5.45% per annum. The note is payable within 15 days after the Company completes the next round of financing.