IMMUNOPRECISE ANTIBODIES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JULY 31, 2018 AND 2017

(Unaudited – Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company and all information contained in the first quarter 2019 report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim consolidated financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

IMMUNOPRECISE ANTIBODIES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	Note	July 31, 2018 $	April 30, 2018 $
ASSETS			
Current assets			
Cash		2,361,024	1,806,133
Amounts receivable		1,262,247	1,660,468
Inventory		412,203	412,690
Unbilled revenue		301,524	560,770
Prepaid expenses		288,031	342,636
		4,625,029	4,782,697
Investment	**7**	84,944	90,404
Equipment and leasehold improvements	**8**	1,475,633	1,581,369
Intellectual property	**5, 9**	3,867,209	4,042,483
Goodwill	**5**	4,806,988	4,892,157
Unallocated purchase price	**6**	9,026,403	9,186,330
Total assets		23,886,206	24,575,440
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**14**	1,750,911	2,041,630
Deferred revenue		342,202	317,539
Loans payable	**11**	357,114	187,814
Deferred acquisition payments	**5, 6**	1,623,170	1,737,337
		4,073,397	4,284,320
Debentures	**10**	3,612,769	3,489,397
Loans payable	**11**	82,900	102,631
Leases	**12**	38,984	38,984
Deferred acquisition payments	**5, 6**	3,219,980	3,074,822
Deferred income tax liability		608,781	882,336
		11,636,811	11,872,490
SHAREHOLDERS' EQUITY			
Share capital	**13**	21,202,166	20,455,112
Contributed surplus	**13**	1,994,458	1,707,738
Accumulated other comprehensive (loss) income		(107,877)	277,090
Deficit		(10,839,352)	(9,736,990)
		12,249,395	12,702,950
Total liabilities and equity		23,886,206	24,575,440

Nature of operations and going concern (Note 1)
Commitments (Note 15)
Subsequent events (Notes 13 and 19)

Approved and authorized on behalf of the Board of Directors on September 28, 2018

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

IMMUNOPRECISE ANTIBODIES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the three months ended July 31, 2018 and 2017
(Unaudited – Expressed in Canadian Dollars)

	Note	2018 $	2017 $
REVENUE		2,872,785	591,058
COST OF SALES		1,304,959	544,400
GROSS PROFIT		1,567,826	46,658
EXPENSES			
Advertising		53,769	33,001
Amortization	**8, 9**	175,562	37,504
Consulting fees		163,320	100,687
Foreign exchange gain		(82,490)	-
Insurance		12,055	8,750
Interest and bank charges		118,431	2,937
Management fees	**14**	46,298	-
Office and general		143,540	49,894
Professional fees	**14**	277,803	88,386
Rent		103,362	-
Repairs and maintenance		72,743	-
Research and development		31,788	106,322
Salaries and benefits	**14**	927,039	237,608
Share-based payments	**13, 14**	311,700	158,263
Telephone and utilities		10,764	4,424
Travel		73,028	76,714
		2,438,712	904,490
Loss before other income (expenses) and income taxes		(870,886)	(857,832)
OTHER INCOME (EXPENSES)			
Accretion	**5, 6, 10**	(237,539)	-
Interest and other income		43,515	-
		(194,024)	-
Loss before income taxes		(1,064,910)	(857,832)
Income taxes		(37,452)	-
NET LOSS FOR THE PERIOD		(1,102,362)	(857,832)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO LOSS			
Exchange difference on translating foreign operations		(384,967)	-
COMPREHENSIVE LOSS FOR THE PERIOD		(1,487,329)	(857,832)
LOSS PER SHARE – BASIC AND DILUTED		(0.02)	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		55,941,298	38,578,522

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

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

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

	Number of Shares	Share Capital $	Contributed Surplus $	Accumulated Other Comprehensive (Loss) Income $	Deficit $	Total $
Balance, April 30, 2017	**38,578,522**	**7,459,909**	**198,032**	**-**	**(4,565,887)**	**3,092,054**
Share-based payments	-	-	158,263	-	-	158,263
Comprehensive loss for the period	**-**	**-**	**-**	-	(857,832)	(857,832)
Balance, July 31, 2017	**38,578,522**	**7,459,909**	**356,295**	**-**	**(5,423,719)**	**2,392,485**
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 5)	3,030,503	3,022,308	-	-	-	3,022,308
Shares issued pursuant to acquisition of ModiQuest and Immulease (Note 6)	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	-	-	1,063,248	-	-	1,063,248
Comprehensive loss for the period	**-**	**-**	**-**	277,090	(4,313,271)	(4,036,181)
Balance, April 30, 2018	**55,474,178**	**20,455,112**	**1,707,738**	**277,090**	**(9,736,990)**	**12,702,950**
Shares issued pursuant to private placements	875,000	700,000	-	-	-	700,000
Cash issue costs and finders' fees	-	(10,926)	-	-	-	(10,926)
Shares issued pursuant to option exercise	110,000	57,980	(24,980)	-	-	33,000
Share-based payments	-	-	311,700	-	-	311,700
Comprehensive loss for the period	**-**	**-**	**-**	(384,967)	(1,102,362)	(1,487,329)
Balance, July 31, 2018	**56,459,178**	**21,202,166**	**1,994,458**	**(107,877)**	**(10,839,352)**	**12,249,395**

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

IMMUNOPRECISE ANTIBODIES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended July 31, 2018 and 2017
(Unaudited – Expressed in Canadian Dollars)

	2018 $	2017 $
Operating activities:		
Net loss for the period	(1,102,362)	(857,832)
Items not affecting cash:		
Amortization	220,007	37,504
Deferred income taxes	(273,555)	-
Accretion and accrued interest	237,539	-
Share-based payments	311,700	158,263
	(606,671)	(662,065)
Changes in non-cash working capital related to operations:		
Amounts receivable	398,221	(273,734)
Inventory	487	-
Unbilled revenue	259,246	(20,301)
Investment tax credits recoverable	-	61,151
Prepaid expenses	54,605	(6,374)
Accounts payable and accrued liabilities	(290,719)	(373,341)
Deferred revenue	24,663	77,094
Net cash used in operating activities	(160,168)	(1,197,570)
Investing activities:		
Purchase of equipment	(24,099)	(172,889)
Deferred acquisition costs	-	(12,670)
Dividend received	5,460	-
Net cash used in investing activities	(18,639)	(185,559)
Financing activities:		
Proceeds on share issuance	733,000	74,455
Share issuance costs	(10,926)	-
Proceeds from loans, net of repayments	149,569	-
Net cash provided by financing activities	871,643	74,455
Increase (decrease) in cash during the period	692,836	(1,308,674)
Foreign exchange	(137,945)	-
Cash – beginning of the period	1,806,133	2,578,445
Cash – end of the period	2,361,024	1,269,771
Cash paid for interest	2,218	-
Cash paid for income tax	-	-

Supplemental cash flow information (Note 18)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 Company is a supplier of custom hybridoma development services. The address of the Company's corporate office is 3204 – 4464 Markham Street, Victoria, BC, Canada V8Z 7X8.

The condensed interim 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 $1,102,362 for the three months ended July 31, 2018 and has accumulated a deficit of $10,839,352 as at July 31, 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 condensed interim consolidated 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 condensed interim consolidated financial statements. Subsequent to July 31, 2018, the Company closed a non-brokered private placement financing by issuing a total of 9,102,500 units of the Company for gross proceeds of $9,102,500.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, using the same accounting policies as detailed in the Company's audited annual financial statements for the year ended April 30, 2018. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual financial statements for the year ended April 30, 2018.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on September 28, 2018.

(b) Basis of measurement

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

(c) Basis of consolidation

These condensed interim 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:

Name of Subsidiary	% Equity Interest	Country of Incorporation
0496106 BC Ltd.	100%	Canada
ImmunoPrecise Antibodies (USA) Ltd.	100%	USA
U-Protein Express BV (“U-Protein”)	100%	Netherlands
ImmunoPrecise Netherlands BV	100%	Netherlands
ModiQuest Research B.V. ("ModiQuest")	100%	Netherlands
Immulease B.V. ("Immulease")	100%	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. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

(a) Adoption of New Accounting Standards

The accounting policies used in these condensed interim consolidated financial statements are consistent with those applied by the Company's April 30, 2018 audited annual consolidated financial statements, except for the amendments to certain accounting standards which are relevant to the Company and were adopted by the Company as of May 1, 2018 as described below.

<u>Financial instruments</u>
On May 1, 2018, the Company adopted IFRS 9, *Financial Instruments* ("IFRS 9"), which replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") and all previous versions of IFRS 9. The new standard provides guidance on the classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 on May 1, 2018 resulted in changes in accounting policies; however there were no adjustments to the amounts recognized in these condensed interim consolidated financial statements. The Company has applied the changes in accounting policies retrospectively; however in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

Classification and measurement of financial assets and financial liabilities
IFRS9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL. IFRS 9 permits entities to elect into an irrevocable option for equity instruments to report changes in fair value in other comprehensive income. Classification and measurement of financial assets is dependent on the entity's business model for managing the financial assets and related contractual cash flows. IFRS 9 retains most of the requirements of IAS 39 related to classification and measurement of financial liabilities.

Impairment
IFRS 9 introduces a three stage expected credit loss ("ECL") model for determining impairment of financial assets. The expected credit loss model does not require the occurrence of a triggering event before an entity recognizes credit losses. IFRS 9 requires an entity to recognize expected credit losses upon initial recognition of a financial asset and to update the quantum of expected credit losses at the end of each reporting period to reflect changes to credit risk of the financial asset. The adoption of the ECL model did not have a material impact on the Company's condensed interim consolidated financial statements.

The Company's financial assets are mainly comprised of cash, amounts receivable and investment. Cash and amounts receivable are classified and accounted for under IFRS 9 at amortized cost, and investment is classified and accounted for at FVTPL. Financial liabilities are mainly comprised of accounts payable and accrued liabilities, loans payable, deferred acquisition payments and debentures, which are accounted for at amortized cost.

<u>Revenue recognition</u>
IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15') establishes a comprehensive framework for revenue recognition. The standard replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations and represents a new single model for recognition of revenue from contracts with customers. The model features a five-step analysis of transactions to determine the nature of an entity's obligation to perform and whether, how much, and when revenue is recognized.

The Company adopted IFRS 15 as of May 1, 2018 and the new standard has been applied retrospectively using the modified retrospective approach, where prior periods are not restated and the cumulative effect of initially applying this standard is recognised in the opening deficit balance on May 1, 2018. The Company recognizes revenue from sale of antibodies and service agreements. The Company has determined that there was no material impact resulting from the adoption of the new revenue recognition standard.

Sale of antibodies
Revenue from sale of antibodies is recognized when the terms of a contract with a customer have been satisfied. This occurs when:

- The control over the product has been transferred to the customer; and
- The product is received by the customer or transfer of title to the customer occurs upon shipment.

Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods. Revenue is recognized based on the price specified in the contract, net of estimated sales discounts and returns.

Contract revenue
Revenues from contracted services are generally recognized as the performance obligations are satisfied over time, and the related expenditures are incurred pursuant to the terms of the agreement. Contract revenue is recognized on a percentage of completion basis based on key milestones contained within the contract. The Company has determined that the percentage of completion as the time expended as a proportion of total time expected at the end of the reporting period is an appropriate measure of progress towards the completion of these performance obligations under IFRS 15.

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.

(b) 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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim 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.

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 in 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.

Determination of segments

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.

(Unaudited – Expressed in Canadian Dollars)

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

Life of intangible assets
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.

Purchase price allocation
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.

5. 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.

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 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 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

(Unaudited – Expressed in Canadian Dollars)

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 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 three months ended July 31, 2018 the Company recorded revenues of $1,041,001 and net income of $451,498 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 three months ended July 31, 2018 and 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
Accretion expense	60,530
Foreign exchange	(39,959)
Balance, July 31, 2018	2,428,776

6. 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.

(Unaudited – Expressed in Canadian Dollars)

The fair value of the consideration transferred has been determined on a preliminary basis. 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 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 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 three months ended July 31, 2018 the Company recorded revenues of $866,326 and net income of $114,866 related to ModiQuest and Immulease.

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 three months ended July 31, 2018 and 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
Accretion expense	53,637
Foreign exchange	(43,217)
Balance, July 31, 2018	2,414,374

(Unaudited – Expressed in Canadian Dollars)

7. INVESTMENT

Investment consists of a 27% 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.

8. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Computer Hardware	Furniture & Equipment	Computer Software	Leasehold Improvements	Lab Equipment	Total
	$	$	$	$	$	$
Cost:						
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
Additions	-	5,000	-	-	19,099	24,099
Foreign exchange	-	-	-	-	(8,534)	(8,534)
Balance, July 31, 2018	**93,813**	**103,527**	**12,373**	**393,421**	**2,797,670**	**3,400,804**
Accumulated Amortization:						
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
Amortization	2,866	1,540	1,019	14,568	94,733	114,726
Foreign exchange	-	-	-	-	6,575	6,575
Balance, July 31, 2018	**73,749**	**71,758**	**9,318**	**116,620**	**1,653,726**	**1,925,171**
Net Book Value:						
April 30, 2018	22,930	28,309	4,074	291,369	1,234,687	1,581,369
July 31, 2018	**20,064**	**31,769**	**3,055**	**276,801**	**1,143,944**	**1,475,633**

9. 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 three months ended July 31, 2018 and the year ended April 30, 2018 are as follows:

(Unaudited – Expressed in Canadian Dollars)

	$
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
Amortization	(105,281)
Foreign exchange	(69,993)
Balance, July 31, 2018	3,867,209

10. 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 received 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.

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 was 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 three months ended July 31, 2018, the Company recorded accretion expense of $123,372 (2017 – $nil). The changes in the value of the Debentures during the three months ended July 31, 2018 and 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
Accretion expense	123,372
Balance, July 31, 2018	3,612,769

(Unaudited – Expressed in Canadian Dollars)

11. 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 July 31, 2018 is €51,750 (CAD$78,862) (April 30, 2018 – €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 July 31, 2018 is €49,750 (CAD$75,814) (April 30, 2018 – €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 July 31, 2018 is €56,000 (CAD$85,338) (April 30, 2018 – €74,000 (CAD$114,767)).

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.

	$
Balance, April 30, 2017	-
Loans payable assumed	298,979
Loan repayments and foreign exchange	(8,534)
Balance, April 30, 2018	290,445
Loan proceeds	200,000
Loan repayments and foreign exchange	(50,431)
Balance, July 31, 2018	440,014
Current portion	(357,114)
Non-current portion	82,900

12. 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 July 31, 2018 and April 30, 2018 are as follows:

(Unaudited – Expressed in Canadian Dollars)

	July 31, 2018 $	April 30, 2018 $
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.	44,705	46,458
Current portion	(5,721)	(7,474)
Non-current portion	38,984	38,984

As at July 31, 2018, the Company's equipment includes a net carrying amount of $46,532 (April 30, 2018 – $48,762) 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	11,051
2020	14,735
2021	14,735
2022	14,735
2023	7,923
Total minimum lease payments	63,179
Less: imputed interest	(18,474)
Total present value of minimum lease payments	44,705
Less: Current portion	(5,721)
Non-current portion	38,984

13. SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

b) Share capital transactions:

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 10). 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.

2019 Transactions

On June 19, 2018, the Company closed a non-brokered private placement financing by issuing a total of 875,000 units of the Company at a price of $0.80 per unit for gross proceeds of $700,000. Each unit consists of one common share of the Company and one share purchase 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. All of the proceeds have been allocated to the common shares issued with a $nil value assigned to the warrants issued. The Company paid finders cash fees totaling $3,000 and incurred $7,926 of cash issue costs.

During the three months ended July 31, 2018, the Company issued 110,000 common shares pursuant to exercise of stock options for total gross proceeds of $33,000. A value of $24,980 was transferred from contributed surplus to share capital as a result. The weighted average share price at dates the stock options were exercised was $1.10.

c) Escrow

There are 4,883,835 common shares of the Company held in escrow as at July 31, 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 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 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.

(Unaudited – 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 three months ended July 31, 2018 the Company has recorded $311,700 (2017 - $158,263) of share-based payments expense.

The changes in the stock options for the three months ended July 31, 2018 and the year ended April 30, 2018 are as follows:

	Number of options #	Weighted average exercise price $	Weighted average life remaining (years)
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**
Exercised	(110,000)	0.30	-
Forfeited	(758,333)	0.34	-
Balance, July 31, 2018	**4,003,333**	**0.68**	**3.89**
Unvested	(2,145,000)	0.76	4.22
Exercisable, July 31, 2018	**1,858,333**	**0.58**	**3.51**

Details of the options outstanding as at July 31, 2018 are as follows:

Expiry Date	Exercise price $	Remaining life (year)	Options outstanding	Unvested	Vested
March 15, 2019	1.24	0.62	200,000	66,667	133,333
December 20, 2021	0.30	3.39	1,033,333[(1)]	-	1,033,333
March 15, 2022	1.24	3.62	5,000	1,667	3,333
September 18, 2022	1.01	4.14	1,315,000[(2)]	876,666	438,334
January 3, 2023	0.65	4.43	750,000	500,000	250,000
February 7, 2023	0.47	4.53	700,000	700,000	-
	0.68	**3.89**	**4,003,333**	**2,145,000**	**1,858,333**

(1) 250,000 of these options expired unexercised subsequent to July 31, 2018.
(2) 125,000 of these options expired unexercised subsequent to July 31, 2018.

(Unaudited – Expressed in Canadian Dollars)

e) Warrants

The changes in the warrants for the three months ended July 31, 2018 and the year ended April 30, 2018 are as follows:

	Number of warrants #	Weighted average exercise price $	Weighted average life remaining (years)
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**
Issued	875,000	1.00	-
Balance, July 31, 2018	**7,253,000**	**0.38**	**3.34**

Details of the warrants outstanding as at July 31, 2018 are as follows:

Expiry Date	Exercise price $	Remaining life (year)	Warrants outstanding
April 5, 2022	0.70	3.68	6,378,000
June 19, 2019	1.00	0.88	875,000
	0.70	3.34	7,253,000

f) Finder's Warrants

As at July 31, 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.

14. 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, former 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. During the three months ended July 31, 2018 and 2017, the compensation for key management is as follows:

	2018 $	2017 $
Management fees	103,980	-
Professional fees	13,075	-
Salaries and other short-term benefits	101,830	134,600
Share-based payments	175,092	65,196
	393,977	199,796

(Unaudited – Expressed in Canadian Dollars)

At July 31, 2018, included in accounts payable and accrued liabilities is $6,449 (April 30, 2018 - $3,501) due to related parties.

During the three months ended July 31, 2018, the spouse of a Director provided administrative services for $15,625 (2017 – $12,738).

15. 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

16. 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 period. The Company is not subject to any externally imposed capital requirements.

(Unaudited – Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION AND ECONOMIC DEPENDENCE

At July 31, 2018 and April 30, 2018, the Company has one reportable segment, being antibody production and related services.

During the three months ended July 31, 2018, the Company had sales to nil (2017 - one) customers who in aggregate accounted for more than 10% (2017 – 24%) of revenue.

The Company's revenues are allocated to geographic segments for the three months ended July 31, 2018 and 2017 as follows:

	2018 $	2017 $
United States of America	601,011	539,653
Canada	140,632	51,405
Europe	2,057,779	-
Other	73,363	-
	2,872,785	591,058

The Company's non-current assets are allocated to geographic segments as at July 31, 2018 and April 30, 2018 as follows:

	July 31, 2018 $	April 30, 2018 $
North America	650,614	681,312
Netherlands	18,610,563	19,111,431
	19,261,177	19,792,743

Geographic segmentation of the Company's (loss) income for the three months ended July 31, 2018 and 2017 is as follows:

	2018 $	2017 $
North America	(1,668,726)	(857,832)
Netherlands	566,364	-
	(1,102,362)	(857,832)

18. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing transactions:	July 31, 2018 $	July 31, 2017 $
Debt settlement	-	213,333
Exchangeable note	-	104,215

The following changes in liabilities arose from financing activities:

(Unaudited – Expressed in Canadian Dollars)

			Non-cash changes				
	April 30, 2018	Cash Flows	Allocation of transaction costs and bifurcation	Acquisition	Accretion	Foreign exchange movements	July 31, 2018
	$	$	$	$	$	$	$
Deferred acquisition payments	4,812,159	-	-	-	114,167	(83,176)	4,843,150
Debentures	3,489,397	-	-	-	123,372	-	3,612,769
Loans payable	290,445	149,569	-	-	-	-	440,014
Leases	38,984	-	-	-	-	-	38,984
Total	8,630,985	149,569	-	-	237,539	(83,176)	8,934,917

19. SUBSEQUENT EVENT

a) Private Placement Financing

On September 24, 2018, the Company closed a non-brokered private placement financing by issuing a total of 9,102,500 units ("Units") of the Company at a price of $1.00 per Unit for gross proceeds of $9,102,500 (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 $1.25 for a period of two years 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 $1.75 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 $173,940 and issued 182,460 finder's shares.

b) Debenture Settlement

On September 28, 2018, the Company announced that it wishes to settle up to $1,377,000 of previously issued debentures by issuing up to 1,377,000 Units at a price of $1.00 per Unit (the "Debt Settlement"). Each Unit is on the same terms as the Financing. The Debt Settlement is subject to the approval of the Exchange.