UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

(Check One)

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934 or

[X] Annual report pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2017**

Commission file number **001-36596**

TRILLIUM THERAPEUTICS INC.

(Exact name of registrant as specified in its charter)

Ontario, Canada	**2834**	**Not applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number (if applicable))	(I.R.S. Employer Identification Number (if applicable))

2488 Dunwin Drive, Mississauga, Ontario, Canada L5L 1J9
Telephone: (416) 595-0627
(Address and Telephone Number of Registrant's Principal Executive Offices)

Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711
Telephone: (302) 738-6680
(Name, Address (Including Zip Code) and Telephone Number
(Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	**Name of each exchange on which registered**
Common Shares	**The NASDAQ Stock Market LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act. **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

For annual reports, indicate by check mark the information filed with this Form:

[X] Annual Information Form [X] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 13,147,404 common shares

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (s.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ] No [ ]

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company [X]

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Principal Documents

The following documents, filed as Exhibits 99.1, 99.2 and 99.3 to this Annual Report on Form 40-F, are hereby incorporated by reference into this Annual Report on Form 40-F:

(a) Annual Information Form for the fiscal year ended December 31, 2017;

(b) Management's Discussion and Analysis for the years ended December 31, 2017 and 2016; and

(c) Audited Consolidated Financial Statements for the years ended December 31, 2017 and 2016, prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board.

ADDITIONAL DISCLOSURE

Certifications and Disclosure Regarding Controls and Procedures.

(a) Certifications . See Exhibits 99.4, 99.5, 99.6 and 99.7 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures . As of the end of Trillium Therapeutics Inc.'s ("Trillium" or the "Company") fiscal year ended December 31, 2017, an evaluation of the effectiveness of Trillium's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) was carried out by the management of Trillium, with the participation of the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Trillium. Based upon that evaluation, the CEO and CFO have concluded that as of the end of that fiscal year, Trillium's disclosure controls and procedures were effective to ensure that information required to be disclosed by Trillium in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (the "Commission") rules and forms and (ii) accumulated and communicated to the management of Trillium, including the CEO and CFO, to allow timely decisions regarding required disclosure.

It should be noted that while the CEO and CFO believe that Trillium's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that Trillium's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control Over Financial Reporting .

Management is responsible for establishing and maintaining adequate internal control over Trillium's financial reporting. Trillium's internal control system was designed to provide reasonable assurance that all transactions are accurately recorded, that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that Trillium's assets are safeguarded.

Management has assessed the effectiveness of Trillium's internal control over financial reporting as at December 31, 2017. In making its assessment, management used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework in Internal Control – Integrated Framework (2013) to evaluate the effectiveness of Trillium's internal control over financial reporting. Based on this assessment, management has concluded that Trillium's internal control over financial reporting was effective as of December 31, 2017.

(d) Attestation Report of the Registered Public Accounting Firm .

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting because emerging growth companies are exempt from this requirement for so long as they remain emerging growth companies. Therefore, management's report on internal control over financial reporting is not subject to attestation by the Company's independent registered public accounting firm.

(e) Changes in Internal Control Over Financial Reporting . The required disclosure is included under the heading "Disclosure Controls and Internal Controls Over Financial Reporting" in Trillium's Management's Discussion and Analysis for the years ended December 31, 2017 and 2016, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

Notices Pursuant to Regulation BTR.

None.

Audit Committee Financial Expert.

Trillium's board of directors has determined that Luke Beshar, a member of Trillium's audit committee, qualifies as an "audit committee financial expert" (as such term is defined in Form 40-F) and is "independent" as that term is defined in the rules of the Nasdaq Stock Market.

Code of Business Conduct and Ethics .

Trillium has adopted a Code of Business Conduct and Ethics, which qualifies as a "code as ethics" within the meaning of Form 40-F, that is applicable to each of Trillium's directors, officers and employees, including its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions.

The Code of Business Conduct and Ethics is available for viewing on Trillium's website at www.trilliumtherapeutics.com , and is available in print, without charge, to any shareholder who requests a copy of it. Requests for copies of the Code of Business Conduct and Ethics should be made by contacting: James Parsons, Chief Financial Officer, by phone at (416) 595-0627 or by e-mail to info@trilliumtherapeutics.com.

Since the date on which Trillium became subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, there have not been any amendments to, or waivers, including implicit waivers, granted from, any provision of the Code of Business Conduct and Ethics.

If any amendment to the Code of Business Conduct and Ethics is made, or if any waiver from the provisions thereof is granted, Trillium may elect to disclose the information about such amendment or waiver required by Form 40-F to be disclosed, by posting such disclosure on its website, which may be accessed at www.trilliumtherapeutics.com.

Principal Accountant Fees and Services.

The required disclosure is included under the heading “Audit Committee Information – External Auditors Service Fees (By Category)” in Trillium’s Annual Information Form for the year ended December 31, 2017, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Pre-Approval Policies and Procedures.

(a) The audit committee of Trillium’s board of directors has adopted an Auditor Services Pre-Approval Policy (the "Policy") with respect to the pre-approval of audit and permitted non-audit services to be provided by Ernst & Young LLP, Trillium’s independent auditor. Pursuant to the Policy, the audit committee on an annual basis may approve the provision of a specified list of audit and permitted non-audit services that the audit committee believes to be typical, reoccurring or otherwise likely to be provided by the external auditor during the then current fiscal year. All pre-approvals granted under this Policy shall be sufficiently detailed as to the particular services being provided that it will not be necessary for management of Trillium to exercise any discretion in determining whether a particular service has been pre-approved.

In addition, pursuant to the Policy the audit committee has delegated its pre- approval authority to the Chair of the audit committee for services where the aggregate fees are estimated to be less than or equal to Cdn. $50,000. The Chair of the audit committee is required to report any such granted pre-approvals to the audit committee at its next scheduled meeting. The audit committee shall not delegate to management the audit committee's responsibilities for pre-approving audit and non-audit services to be performed by the external auditor.

Pursuant to the Policy, there is an exception to the pre-approval requirements for permitted non-audit services, provided all such services were not recognized at the time of the engagement to be non-audit services and, once recognized, are promptly brought to the attention of the audit committee and approved prior to the completion of the audit. The aggregate amount of all services approved in this manner may not constitute more than five percent of the total fees paid to the external auditor during the fiscal year in which the services are provided.

(b) Of the fees reported in this Annual Report on Form 40-F under the heading “Principal Accountant Fees and Services”, none of the fees billed by Ernst & Young LLP were approved by Trillium’s audit committee pursuant to the *de minimus* exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S- X.

Off-Balance Sheet Arrangements.

Trillium does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Tabular Disclosure of Contractual Obligations.

The required disclosure is included under the heading "Contractual Obligations and Contingencies" in Trillium's Management's Discussion and Analysis for the years ended December 31, 2017 and 2016, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

Identification of the Audit Committee.

Trillium has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the audit committee are: Luke Beshar, Henry Friesen and Robert Kirkman.

Mine Safety Disclosure.

Not applicable.

DIFFERENCES IN NASDAQ AND CANADIAN CORPORATE GOVERNANCE REQUIREMENTS

Trillium is a foreign private issuer and its common shares are listed on the NASDAQ Stock Market ("NASDAQ"). NASDAQ Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of the requirements of the Rule 5600 Series. Trillium is, however, required by NASDAQ to disclose any significant differences between its corporate governance practices and those required to be followed by U.S. domestic issuers under NASDAQ's corporate governance standards. The following is a summary of the significant ways in which Trillium's corporate governance practices differ from those required to be followed by U.S. domestic issuers under NASDAQ's corporate governance standards, as described below.

Shareholder Approval in Connection with Certain Transactions: Rule 5635 of the NASDAQ Stock Market Rules requires listed companies to obtain shareholder approval prior to certain events, including: (i) the acquisition of the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) private placements. Trillium does not follow Rule 5635. In lieu of following Rule 5635, Trillium follows the rules of the Toronto Stock Exchange.

The foregoing is consistent with the laws, customs and practices in Canada.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking.

Trillium undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process.

Trillium has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of Trillium shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of Trillium.

SIGNATURES

Pursuant to the requirements of the Exchange Act, Trillium Therapeutics Inc. certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 8, 2018.

Trillium Therapeutics Inc.

By: /s/ James Parsons
Name: James Parsons
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the fiscal year ended December 31, 2017
99.2	Management's Discussion and Analysis for the years ended December 31, 2017 and 2016
99.3	Audited Consolidated Financial Statements for the years ended December 31, 2017 and 2016, prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board
99.4	Certification of President & Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.5	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.6	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
99.7	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
99.8	Consent of Ernst & Young LLP

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2017

2488 Dunwin Drive
Mississauga, Ontario L5L 1J9
www.trilliumtherapeutics.com

Unless otherwise indicated, all information in the Annual Information Form is presented as at and for the year ended December 31, 2017

March 8, 2018

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS 3

CORPORATE INFORMATION 5

BUSINESS 5

GENERAL DEVELOPMENT OF THE BUSINESS – 3 YEAR SUMMARY 18

RISK FACTORS 20

DESCRIPTION OF SHARE CAPITAL 34

MARKET FOR SECURITIES 39

BOARD OF DIRECTORS AND MANAGEMENT 40

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS 42

CONFLICTS OF INTEREST 43

LEGAL PROCEEDINGS 43

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 43

INTEREST OF EXPERTS 43

TRANSFER AGENT 43

MATERIAL CONTRACTS 43

AUDIT COMMITTEE INFORMATION 44

ADDITIONAL INFORMATION 47

SCHEDULE A - CHARTER OF THE AUDIT COMMITTEE

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form, or AIF, contains forward-looking statements within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate", "believe", "expect", "estimate", "may", "will", "could", "leading", "intend", "contemplate", "shall" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements in this AIF include, but are not limited to, statements with respect to:

- our expected future loss and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our requirements for, and the ability to obtain, future funding on favorable terms or at all;
- our projections for the SIRPαFc development plans and progress of each of our products and technologies, particularly with respect to the timely and successful completion of studies and trials and availability of results from such studies and trials;
- our expectations about our products' safety and efficacy;
- our expectations regarding our ability to arrange for and scale up the manufacturing of our products and technologies;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory approval process;
- our expectations about the timing of achieving milestones and the cost of our development programs;
- our observations and expectations regarding the relative low binding of SIRPαFc to red blood cells, or RBCs compared to anti-CD47 monoclonal antibodies and proprietary CD47-blocking agents and the potential benefits to patients;
- our ability to intensify the dose of TTI-621 with the goal of achieving increased blockade of CD47;
- our plans to market, sell and distribute our products and technologies;
- our expectations regarding the acceptance of our products and technologies by the market;
- our ability to retain and access appropriate staff, management and expert advisers;
- our expectations about the differentiated nature and potential for best-in-class product development programs and discovery research capabilities of Fluorinov Pharma Inc., or Fluorinov;
- our ability to generate future product development programs with improved pharmacological properties and acceptable safety profiles using Fluorinov technology;
- our expectations about whether various clinical and regulatory milestones with an existing Fluorinov compound will be achieved;
- our expectations of the final quantum and form of any future contingent milestone payments related to the Fluorinov acquisition;
- our expectations of the ability to secure the requisite approvals (including approvals from the Toronto Stock Exchange, or TSX, and the NASDAQ Capital Market, or NASDAQ) with respect to the issuance of any common shares in satisfaction of future milestone payments;
- our ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- our strategy to acquire and develop new products and technologies and to enhance the safety and efficacy of existing products and technologies;
- our expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us in respect of such arrangements; and
- our strategy with respect to the protection of our intellectual property.

All forward-looking statements reflect our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management's expectations regarding future activities, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, known and unknown, that contribute to the possibility that the predictions, forecasts, projections or other forward-looking statements will not occur. In evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "Risk Factors" in this AIF. Some of these risks and assumptions include, among others:

- substantial fluctuation of losses from quarter to quarter and year to year due to numerous external risk factors, and anticipation that we will continue to incur significant losses in the future;
- uncertainty as to our ability to raise additional funding to support operations;
- our ability to generate product revenue to maintain our operations without additional funding;
- the risks associated with the development of our product candidates which are at early stages of development;
- reliance on third parties to plan, conduct and monitor our preclinical studies and clinical trials;
- our product candidates may fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or may not otherwise produce positive results;
- risks related to filing Investigational New Drug applications, or INDs, to commence clinical trials and to continue clinical trials if approved;
- the risks of delays and inability to complete clinical trials due to difficulties enrolling patients;
- competition from other biotechnology and pharmaceutical companies;
- our reliance on the capabilities and experience of our key executives and scientists and the resulting loss of any of these individuals;
- our ability to fully realize the benefits of acquisitions;
- our ability to adequately protect our intellectual property and trade secrets;
- our ability to source and maintain licenses from third-party owners;
- the risk of patent-related litigation; and
- our expectations regarding our status as a passive foreign investment company, or PFIC,

all as further and more fully described under the heading “Risk Factors” in this AIF.

Although the forward-looking statements contained in this AIF are based upon what our management believes to be reasonable assumptions, we cannot assure readers that actual results will be consistent with these forward-looking statements.

Any forward-looking statements represent our estimates only as of the date of this AIF and should not be relied upon as representing our estimates as of any subsequent date. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by securities legislation.

All references in this AIF to “the Company”, “Trillium”, “we”, “us”, or “our” refer to Trillium Therapeutics Inc. and the subsidiaries through which it conducts its business, unless otherwise indicated.

All dollar amounts are in thousands of Canadian dollars, other than per share amounts and unless otherwise indicated.

CORPORATE INFORMATION

The Company was incorporated under the *Business Corporations Act* (Alberta) on March 31, 2004 as Neurogenesis Biotech Corp. On October 19, 2004, the Company amended its articles of incorporation to change its name to Stem Cell Therapeutics Corp., or SCT, and on November 7, 2013 SCT was continued under the *Business Corporations Act* (Ontario), or OBCA. Articles of amalgamation were filed on June 1, 2014 to amalgamate SCT with its wholly-owned subsidiary, Trillium Therapeutics Inc., or Trillium Privateco, and the amalgamated entity continued to operate under the name Trillium Therapeutics Inc.

We are a company domiciled in Ontario, Canada. Our head office and registered office is located at 2488 Dunwin Drive, Mississauga, Ontario, Canada, L5L 1J9. We have one wholly-owned subsidiary, Trillium Therapeutics USA Inc., which was incorporated March 26, 2015 in the State of Delaware. Our website address is www.trilliumtherapeutics.com .

On January 26, 2016, we acquired all the outstanding shares of Fluorinov, a corporation existing under the OBCA. See "Business - Small Molecule Program", below. On January 1, 2017 the Company amalgamated with its wholly-owned subsidiary Fluorinov.

Our common shares are listed on the TSX and the NASDAQ under the symbol "TRIL".

BUSINESS

Overview

We are a clinical stage immuno-oncology company developing innovative therapies for the treatment of cancer. Our lead program, TTI-621, is a SIRPαFc fusion protein that consists of the extracellular CD47-binding domain of human signal regulatory protein alpha, or SIRPα, linked to the Fc region of a human immunoglobulin G1, or IgG1. It is designed to act as a soluble decoy receptor, preventing CD47 from delivering its inhibitory ("do not eat") signal. Neutralization of the inhibitory CD47 signal enables the activation of macrophage anti-tumor effects by pro-phagocytic ("eat") signals. The IgG1 Fc region of TTI-621 may also assist in the activation of macrophages by engaging Fc receptors. Two Phase I clinical trials evaluating TTI-621 are ongoing. We are also developing a second SIRPαFc fusion protein, TTI-622. TTI-622 consists of the extracellular CD47-binding domain of human SIRPα linked to a human immunoglobulin G4, or IgG4 Fc region, which has a decreased ability to engage Fc receptors than an IgG1 Fc. We plan to initiate a Phase I clinical trial in 2018. Both SIRPαFc fusion proteins enable CD47 blockade with different levels of Fc receptor engagement on macrophages and thus may find unique applications.

We also have a proprietary medicinal chemistry platform, using unique fluorine chemistry, which permits the creation of new chemical entities with improved pharmacological properties from validated drugs and drug candidates. Our most advanced preclinical program stemming from this platform is an epidermal growth factor receptor, or EGFR antagonist with increased uptake and retention in the brain. In addition, a number of compounds directed at undisclosed immuno-oncology targets are currently in the discovery phase.

Our Strategy

Our goal is to become a leading innovator in the field of oncology by targeting immune-regulatory pathways that tumor cells exploit to evade the host immune system.

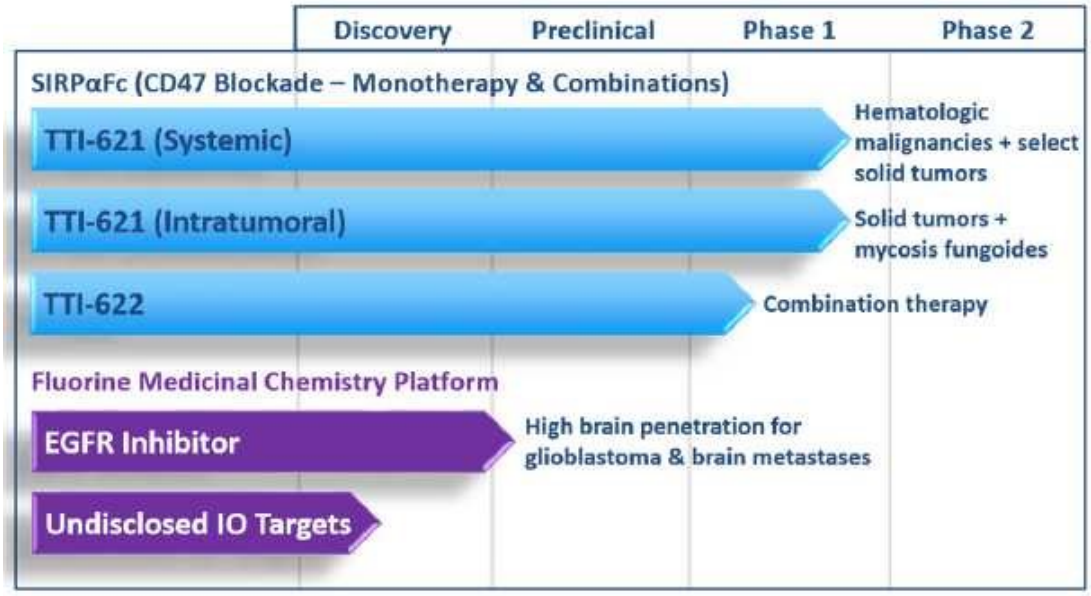
- ***Rapidly advance the clinical development of TTI-621*** . We are enrolling patients with advanced hematologic malignancies in the Phase Ib expansion phase of our first-in-human clinical trial of TTI-621 administered by intravenous infusion. We are also enrolling patients in our second Phase I clinical trial with intratumoral injection of TTI-621 in percutaneously accessible solid tumors and mycosis fungoides/Sézary syndrome.

- ***Expand our TTI-621 clinical program to include additional cancer indications*** . Because CD47 is highly expressed by multiple liquid and solid tumors, and high expression is correlated with worse clinical outcomes, we believe SIRPαFc has potential to be effective in a variety of cancers. Our clinical development plans include a broad approach for the treatment of hematological malignancies, where we hope to identify one or more indications where TTI-621 may provide clinical benefit and then move rapidly to focused development programs for those indications. We have also expanded our trials to include combination treatment cohorts. We have employed a more targeted approach with solid tumors, focusing on intratumoral injection.

- ***Maximize value of SIRP α Fc through advancement of TTI-622*** . We plan to begin testing TTI-622 in a Phase I clinical trial this year. We expect to develop TTI-622 for combination therapy treatment where we believe it may have an advantage over competing IgG4-based antibodies due to its expected lack of RBC binding.

- ***Build a pipeline of novel oncology products using our proprietary medicinal chemistry platform*** . We have several preclinical and discovery stage assets developed using our proprietary fluorine chemistry platform. We plan to advance these novel oncology products for internal development or out-license.

Our Product Candidates



SIRP α Fc

Blocking the CD47 "do not eat" signal using a SIRP α Fc decoy receptor

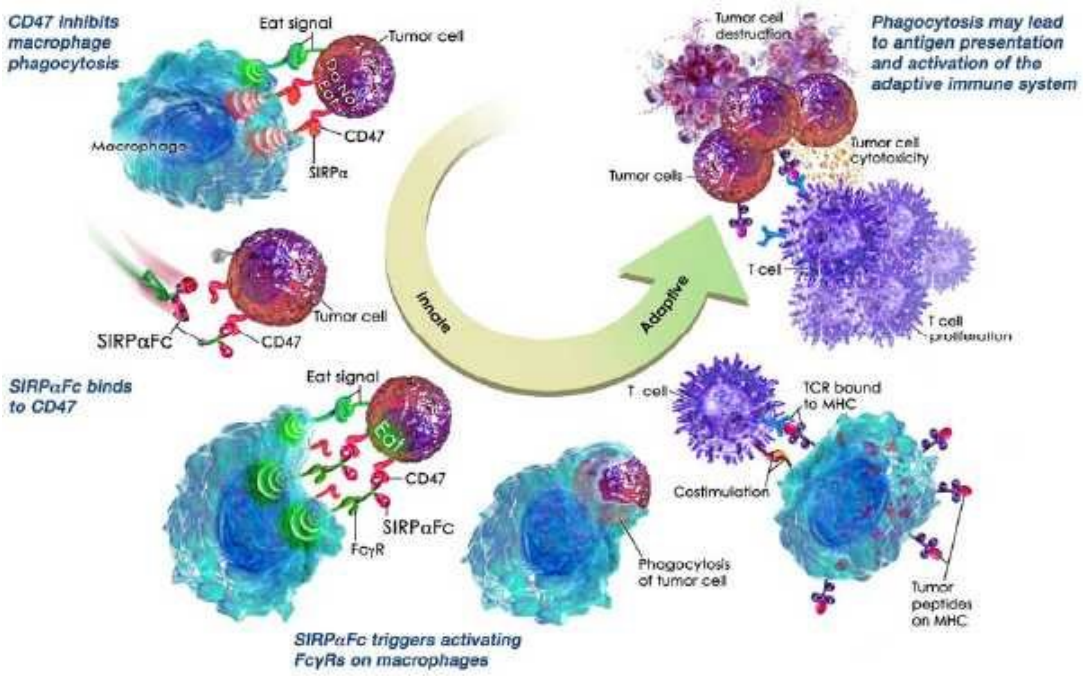
The immune system is the body's mechanism to identify and eliminate pathogens, and can be divided into the innate immune system and the adaptive immune system. The innate immune system is the body's first line of defense to identify and eliminate pathogens and consists of proteins and cells, such as macrophages, that identify and provide an immediate response to pathogens. The adaptive immune system is activated by, and adapts to, pathogens, creating a targeted and durable response. Cancer cells often have the ability to reduce the immune system's ability to recognize and destroy them.

Macrophages are a type of white blood cell that can ingest and destroy (phagocytose) other cells. Macrophage activity is controlled by both positive "eat" and negative "do not eat" signals. Recently, a role for macrophages in the control of tumors has been described. Tumor cells may express "eat" signals (e.g., calreticulin) that make themselves visible to macrophages. To counterbalance this increased visibility the tumor cells often express high levels of CD47, which transmits a "do not eat" signal by binding SIRPα on the surface of macrophages. We believe that the higher expression of CD47 on the tumor cell helps it evade destruction by the macrophage by overwhelming any activating "eat" signals.

Our lead program, TTI-621, is a novel SIRPαFc fusion protein that harnesses the innate immune system by blocking the activity of CD47. TTI-621 is a protein that consists of the CD47-binding domain of human SIRPα linked to the Fc region of IgG1. It is designed to act as a soluble decoy receptor, preventing CD47 from delivering its inhibitory signal. Neutralization of the inhibitory CD47 signal enables the activation of macrophage anti-tumor effects by the pro-phagocytic "eat" signals. The IgG1 Fc region of TTI-621 may also assist in the activation of macrophages by engaging Fc receptors. A second SIRPαFc fusion protein, TTI-622, is entering Phase I in the first half of 2018. TTI-622 consists of the same CD47-binding domain of human SIRPα and is linked to the Fc region of IgG4. The IgG4 Fc region of TTI-622 is expected to have a decreased ability to engage activating Fc receptors compared to an IgG1 Fc.

In addition to their direct anti-tumor activity, macrophages can also function as antigen-presenting cells and stimulate antigen-specific T cells. Thus it is possible that increasing tumor cell phagocytosis after SIRPαFc exposure may result in enhanced adaptive immunity. In support of this, CD47 antibody blockade has been recently shown to augment antigen presentation and prime an anti-tumor cytotoxic T cell response in immune-competent mice. In 2016, we presented data demonstrating that TTI-621 can augment antigen-specific T cell responses in vitro. CD47 blockade has also been reported to promote tumor-specific T cell responses through a dendritic cell-based mechanism, although the effect of SIRPαFc on dendritic cells is currently unknown.

The figure below illustrates how SIRPαFc blocks the CD47 "do not eat" signal and engages activating Fc receptors on macrophages, leading to tumor cell phagocytosis, increased antigen presentation and enhanced T cell responses.



By inhibiting the CD47 “do not eat” signal, we believe SIRPαFc has the ability to promote the macrophage-mediated killing of tumor cells in a broad variety of cancers both as a monotherapy and in combination with other immune therapies. Both SIRPαFc fusion proteins enable CD47 blockade with different levels of Fc receptor engagement on macrophages and thus may find unique applications.

We believe that SIRPαFc has broad clinical potential in both hematological and solid tumors. High expression of the CD47 “do not eat” signal on tumor cells has been observed in acute myeloid leukemia, or AML, myelodysplastic syndrome, or MDS, chronic myeloid leukemia, or CML, acute lymphoblastic leukemia, or ALL, diffuse large B cell lymphoma, or DLBCL, chronic lymphocytic leukemia, or CLL, follicular lymphoma, mantle cell lymphoma, marginal zone lymphoma, multiple myeloma and in solid tumors including: bladder, brain, breast, colon, leiomyosarcoma, liver, melanoma, ovarian and prostate. In a number of these cancers high CD47 expression was shown to have negative clinical consequences, correlating with more aggressive disease and poor survival. In normal karyotype AML patients, for example, high CD47 expression was correlated with worse event-free survival (6.8 vs. 17.1 months) and worse overall survival (9.1 vs. 22.1 months) compared to low CD47 expression. These data are consistent with CD47 providing a survival advantage to tumor cells.

In vitro studies with primary tumor samples obtained from AML, MDS, multiple myeloma, B cell-ALL and T cell-ALL demonstrated that SIRPαFc frequently triggered significant macrophage-mediated tumor cell phagocytosis compared to control treatment. Similar results were observed with tumor cell lines established from patients with B cell lymphoma and CML.

In vivo studies have demonstrated that TTI-621 exhibits anti-tumor activity in xenograft models of AML, Burkitt lymphoma and DLBCL. These results are supported by numerous studies demonstrating that antibody blockade of CD47 has activity against a range of tumor xenografts.

SIRP α Fc Key Attributes

- ***Potential efficacy in a broad range of cancers*** . SIRPαFc blocks the tumor's ability to transmit a "do not eat" signal allowing macrophages to destroy tumor cells; a mechanism that we believe could have broad applicability.

- ***Potential for use as a monotherapy and in combination with other therapies*** . We intend to develop our products as monotherapies as well as potentially for use in combination with other cancer immuno-therapies.

- ***May enhance both innate and adaptive immune response*** . SIRPαFc may enhance stimulation of tumor attacking T cells since macrophages, in addition to their role in phagocytosis, can also prime T cells through antigen presentation.

SIRP α Fc Clinical Development – TTI-621

We are enrolling patients with advanced hematologic malignancies in a Phase Ib clinical trial. This two-part clinical trial was designed as a multi-center, open-label Phase Ia/Ib trial, evaluating TTI-621 as a single agent in patients with relapsed or refractory hematologic malignancies. During the dose escalation phase the safety, tolerability, pharmacokinetics and pharmacodynamics were characterized to determine the optimal dose for subsequent enrollment in the expansion phase. To characterize potential changes in hematologic parameters that might occur with blockade of CD47, the dose escalation portion of the Phase I trial included lymphoma patients with relatively normal hematologic parameters and acceptable marrow function. In November 2016, a reasonably well-tolerated dose and schedule of SIRPαFc was established in the dose escalation phase, and now, safety and antitumor activity are being examined in expansion cohorts with advanced hematologic malignancies including indolent B cell lymphoma, aggressive B cell lymphoma, T cell lymphoma, Hodgkin lymphoma, CLL, multiple myeloma, AML, B cell-ALL, T cell-ALL, MDS and myeloproliferative neoplasms. We also have a solid tumor cohort of small cell lung cancer patients being treated with monotherapy. In two combination drug cohorts, TTI-621 is being administered in combination with rituximab for patients with CD20-positive lymphomas, and in combination with the PD-1 checkpoint inhibitor nivolumab in patients with Hodgkin lymphoma.

Data from the ongoing expansion phase were reported at the American Society of Hematology 59 th Annual Meeting in December 2017. Weekly infusions of TTI-621 were shown to be well tolerated, and notably, transient thrombocytopenia was attenuated after the first dose. These data, combined with the previously reported results from the dose escalation phase, demonstrate a favorable safety profile of intravenous TTI-621 in over 100 patients. Intravenous administration of TTI-621, particularly in combination with rituximab, resulted in objective responses in 5 out of 18 evaluable patients with heavily pre-treated, relapsed/refractory DLBCL, and several others experienced prolonged progression-free intervals. Furthermore, preliminary experience indicates that patients can be safely dose intensified beyond 0.2 mg/kg.

In our second multi-center, open-label Phase I trial, TTI-621 is being delivered by intratumoral injection in patients with relapsed and refractory, percutaneously-accessible cancers. In the escalation phase, patients were enrolled in sequential dose cohorts to receive intratumoral injections of TTI-621 that increase in dose and dosing frequency to characterize safety, pharmacokinetics, pharmacodynamics and preliminary evidence of antitumor activity. In addition, detailed evaluation of serial, on-treatment tumor biopsies of both injected and non-injected cancer lesions will help characterize tumor microenvironment changes anticipated with CD47 blockade. Preliminary data from the escalation phase were reported the American Society of Hematology 59 th Annual Meeting in December 2017. Intratumoral injection was well tolerated, with no dose-limiting toxicity observed. A rapid reduction in CAILS scores, which measures local lesion responses, was observed in 9 out of 10 mycosis fungoides patients and a reduction in circulating leukemic Sézary cells was observed in 3 out of 3 patients. Several patient profiles were presented which demonstrate clinical responses in disfiguring lesions, in some cases after a single dose of TTI-621. Collectively, the data demonstrate that cutaneous T-cell lymphoma (CTCL) appears biologically responsive to intratumoral injections of TTI-621. Patients are currently being enrolled in the expansion phase of the trial in which they receive 10 mg TTI-621 three times per week for two weeks followed by weekly dosing, to further characterize safety and efficacy. In addition, patients may receive intratumoral TTI-621 in combination with other anti-cancer therapies (anti-PD-1 or anti-PD-L1, pegylated interferon α2a, talimogene laherparepvec or radiation).

SIRP α Fc Clinical Development – TTI-622

A second SIRPαFc fusion protein, TTI-622, is in preclinical development. TTI-622 consists of the same extracellular CD47-binding domain of human SIRPα as TTI-621 but has a different Fc region (IgG4 Fc instead of IgG1 Fc) and is thus anticipated to have a different pharmacologic profile and enable greater exposures in patients than TTI-621. TTI-622 does not bind RBCs, like TTI-621, and we believe that this property could give TTI-622 best-in-class status among IgG4-based blocking agents currently in development. We plan to begin recruiting patients into a Phase I clinical trial in the first half of 2018, with the goal of rapidly advancing this agent into combination studies.

SIRP α Fc Competition

There are a number of companies developing blocking agents to the CD47-SIRPα axis, which can be broadly classified into four groups:

- ***CD47-specific antibodies*** : Forty-Seven Inc. (Phase I), Celgene Corporation (Phase I), Surface Oncology (preclinical) and Arch Oncology (preclinical)
- ***CD47 bispecific antibodies*** : Novimmune SA (CD47/CD19 bispecific antibody, preclinical) and Hummingbird BioSciences (preclinical)
- ***Mutated high affinity SIRP α Fc*** : Alexo Therapeutics (Phase I)
- ***SIRP α -specific antibody*** : OSE Immunotherapeutics (preclinical)

We believe that our SIRPαFc fusion proteins have several advantages over competitor products, which are summarized in the table below.

Competitor Class	**Potential Advantages of Trillium's SIRP α Fcs**
CD47-specific antibody	Trillium's SIRPαFcs do not bind RBCs. IgG1 isotype of TTI-621 may confer greater potency than IgG4-based antibodies.
CD47 bispecific antibody	Bispecific is limited to tumors that express both target antigens. SIRPαFc may have more broad applicability.
Mutated high affinity SIRPαFc (inactive Fc)	Our SIRPαFcs do not bind RBCs. Our SIRPαFc fusion proteins, which are based on wild type sequences, are less likely to be immunogenic than mutated SIRPα. IgG1 isotype of TTI-621 and IgG4 isotype of TTI-622 may confer greater potency than mutated SIRPα linked to an inactive Fc.
SIRPα-specific antibody	SIRPα-specific antibodies bind macrophages and generally do not bind tumors. We believe that targeting the tumor cell directly using SIRPαFc is more likely to generate effective anti-tumor responses.

We have demonstrated that our SIRPαFc fusion proteins exhibit minimal binding to RBCs in contrast to CD47-specific antibodies and a mutated high affinity SIRPαFc. We believe that this property confers several possible advantages including avoidance of drug-induced anemia, avoidance of the "antigen sink effect" (i.e., removal of drug from circulation by RBCs) and non-interference with laboratory blood typing tests. It should be noted that TTI-622 shares the same CD47-binding domain as TTI-621 and preclinical studies have shown that it also exhibits minimal binding to human RBCs. Thus, we anticipate that TTI-622, like TTI-621, will not induce anemia in patients.

Combination Therapy

We believe that SIRPαFc enhancement of macrophage activity, and possibly T cell responses, could be synergistic with other immune-mediated therapies. Published studies conducted by third parties provide evidence that SIRPαFc may be useful in combination with approved anti-cancer antibodies (e.g. Rituxan®, Herceptin®, Campath®, and Erbitux®). Since many cancer antibodies work at least in part by activating cells of the innate immune system, it may be possible to enhance the potency of these agents by blocking the negative "do not eat" CD47 signal that tumor cells deliver to macrophages. We hypothesize that SIRPαFc may act synergistically with other immunological agents, including T cell checkpoint inhibitors (e.g. pembrolizumab and nivolumab), cancer vaccines, oncolytic viruses or chimeric antigen receptor, or CAR T cells.

Fluorine Chemistry Platform

Our medicinal chemistry platform uses proprietary fluorine-based chemistry to modify specific properties of validated drug candidates to yield new chemical entities. We believe the potency and/or safety of both existing pharmacophores and historically inaccessible chemical structures may be enhanced using our technology. This chemistry platform has been utilized to establish two preclinical programs, an EGFR inhibitor and a bromodomain and extra-terminal, or BET bromodomain inhibitor, and a number of compounds directed at undisclosed immuno-oncology targets are currently in the discovery phase.

EGFR Inhibitor (TTI-2341)

A combination of molecular design, novel fluorine-based chemical synthesis, and extensive biological testing led to the identification of TTI-2341, a novel brain-penetrant, second generation, covalent EGFR inhibitor. EGFR is a validated drug target in oncology but the use of EGFR inhibitors has been limited by two factors. First, toxicities can arise from indiscriminate reactivity with off-target proteins. Second, the low central nervous system, or CNS penetration of existing EGFR inhibitors limits their use for CNS indications such as glioblastoma multiforme and brain metastasis from lung cancer. The incorporation of fluorine into small molecules is known to minimize the formation of highly reactive metabolites and improve blood brain barrier, or BBB penetration and thus this strategy has the potential to overcome the major limitations of existing EGFR inhibitors.

We have benchmarked TTI-2341 against a second- and third-generation EGFR inhibitor (both approved for the treatment of non-small cell lung cancer). This comparison included measurements of BBB penetration, as well as retention and the ratio of free to bound drug in the brain. We are currently evaluating different options for TTI-2341 development, including possible partnerships.

BET Bromodomain Inhibitor (TTI-281)

Bromodomains recognize and bind to DNA-associated proteins that have been epigenetically modified. These "epigenetic readers" act as scaffolds for the recruitment of proteins involved in the initiation of gene expression. Bromodomain-containing proteins regulate genes that play roles in proliferation, cell cycle progression and apoptosis. Members of the BET subfamily have been implicated in controlling the transcription of c-Myc, a proto-oncogene that contributes to the pathogenesis of many cancers but has proven to be difficult to target pharmacologically.

TTI-281 selectively binds the BET proteins BRD2, BRD3 and BRD4 and is two- to six-fold more potent than a leading bromodomain inhibitor. It is strongly cytotoxic to AML cells but not to normal hematopoietic cells, and reversibly suppresses the expression of c-Myc. TTI-281 has demonstrated oral efficacy in xenograft models of human leukemia and myeloma. We have completed our planned preclinical development program for TTI-281. We believe that TTI-281 represents a unique opportunity to reduce the expression of c-Myc, and are seeking a partner for further development of TTI-281.

Other Developments

Acquisition of Fluorinov

On January 26, 2016, we acquired all the outstanding shares of Fluorinov, a privately-held oncology company with a proprietary medicinal chemistry platform using unique fluorine chemistry, which permits the creation of new chemical entities from validated drugs and drug candidates with improved pharmacological properties, potentially leading to increased safety and efficacy. We expect Fluorinov's fluorine-based chemistry platform will provide us with an internal drug discovery engine. Fluorinov's preclinical pipeline of oncology assets include orally-available bromodomain and proteasome inhibitors, and EGFR antagonists with increased uptake in the brain.

We anticipate that future cancer treatments will be dominated by combination therapies that may often involve combining biologics and small molecules. The acquisition of our own small molecule platform with opportunity for oral drug delivery may provide us with new drug candidates that we may either develop in-house or out-license. According to Wang et al. Chem Rev. 2014, 114 (4), approximately 25% of all marketed drugs contain fluorine. The benefits of fluorine include blocking sites of metabolism to increase drug half-life and reduce toxicity, lipophilicity that improves oral absorption and BBB penetration, and electronegativity that alters chemical properties to improve binding and potency. We believe that the Fluorinov acquisition reduces the risks to which we are subject and diversifies us for the longer term.

The upfront consideration for Fluorinov was $10,000 less the working capital deficiency of $134. We may also incur up to $35,000 of future payments contingent on us achieving certain clinical and regulatory milestones with an existing Fluorinov compound. The amount of contingent consideration recognized by us as of the acquisition date was $1,750 and has been classified as other liabilities on the consolidated statement of financial position. The fair value of the contingent consideration was calculated using a discounted cash flow approach, where a risk-adjusted discount rate was applied to future cash flows. We also have an obligation to pay royalty payments on future sales of such compounds.

At our discretion, up to 50% of the future contingent payments can be satisfied through the issuance of our common shares, provided that the aggregate number of common shares issuable under such payments will not exceed 1,558,447 common shares unless shareholder approval has first been obtained. In addition, any such future share issuance remains subject to final approval from our board of directors and receipt of any requisite approvals under the applicable rules of the TSX and NASDAQ. We have also committed to use commercially reasonable efforts to monetize Fluorinov's CNS assets and share 50% of the net proceeds with Fluorinov shareholders.

Collaboration with University Health Network and the Hospital for Sick Children

We entered into a collaboration agreement with University Health Network, or UHN, and the Hospital for Sick Children, or HSC, to fund and undertake a research program entitled "SIRPαFc: Translating Genomics Research Into a Novel Cancer Immunotherapy." This project was approved for funding by Genome Canada under the Genomic Applications Partnership Program. In addition, The Ontario Ministry of Research and Innovation is supporting the project with a grant matching Genome Canada's contribution, providing the collaboration with a 3-year budget of approximately $3,400. This matching funding is allowing us to expand our translational research efforts, focusing primarily on AML. Our contribution to the overall budget of this program is $886 in cash and $478 in kind over three years.

Plan of Operations

Our primary focus is the advancement of our Phase I clinical trial of SIRPαFc in patients with advanced hematologic malignancies and our Phase I clinical trial in patients with relapsed and refractory, percutaneously-accessible cancers to identify one or more cohorts of patients that respond to TTI-621 treatment. We plan further focused clinical development of promising indications. We continue to advance our combination treatment strategy incorporating combination treatment cohorts in our TTI-621 clinical trials and our TTI-622 Phase I trial is on track to begin recruiting patients in the first half of 2018.

We continue to advance our small molecule program in internal development and pursue partnering activities.

Intellectual Property

We own or control patent rights covering our key products and their therapeutic end uses. The patents and patent applications are either granted or pending in major pharmaceutical markets. In all, the patent estate includes inventions in three different areas that include SIRPα, CD200, and modified new chemical entities. These are supported by numerous patents and applications. In connection specifically with patent coverage for SIRPαFc, we control two patent families. One family has claims that embrace species of SIRPαFc found to have certain therapeutic benefits, and their use for the treatment of cancer. We own these patent rights outright and national patent filings have been made in the U.S., Europe, Japan, Canada, Australia, China and India. Patents emerging from this family will expire in 2033. A second SIRPα patent family was in-licensed on an exclusive basis from co-owners UHN and HSC. This family has also been filed in major markets. The claims cover the use of various forms of SIRPα to treat CD47-positive cancers. Patents in this family begin to expire in the year 2030. We have also filed for patent protection on combination therapies in which our SIRP α Fc drugs are used together with established anti-cancer agents to provide enhanced effects.

Most recently, our patent estate expanded with the acquisition of Fluorinov. This estate covers many different inventions in the small molecule therapeutics field and in a diverse range of medical end-uses. There are claims for bromodomain inhibitors, EGFR inhibitors and for a generic chemical process useful to produce the novel classes of small molecule drugs. As well, there are two patent families relating to proteasome inhibition that have been nationalized in the US, Canada, Europe and Australia. Most patents in these families will have patent terms that reach out to 2035 and beyond.

We intend to protect additional intellectual property developed by us through the filing of patent applications within appropriate jurisdictions throughout the world.

Regulatory Process

Government authorities in the United States, including federal, state, and local authorities, and in other countries, extensively regulate, among other things, the manufacturing, research and clinical development, marketing, labeling and packaging, storage, distribution, post-approval monitoring and reporting, advertising and promotion, and export and import of biological products, such as those we are developing. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local, and foreign statutes and regulations require the expenditure of substantial time and financial resources.

Securing final regulatory approval for the manufacture and sale of biological products in the U.S., Europe, Canada and other commercial territories, is a long and costly process that is controlled by that particular territory's regulatory agency. The regulatory agency in the U.S. is the U.S. Food and Drug Administration, or FDA, in Canada it is Health Canada, or HC, and in Europe it is the European Medicines Agency. Other regulatory agencies have similar regulatory approval processes, but each regulatory agency has its own approval processes. Approval in the U.S., Canada or Europe does not assure approval by other regulatory agencies, although often test results from one country may be used in applications for regulatory approval in another country.

None of our products have been completely developed or tested and, therefore, we are not yet in a position to seek final regulatory approval to market any of our products. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials and will require significant additional capital. See "Risk Factors - Risks Related to our Business and our Industry" below.

U.S. Government Regulation

In the U.S., the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and its implementing regulations, and biologics under the FDCA and the Public Health Service Act, or PHSA, and its implementing regulations. FDA approval is required before any new unapproved drug or biologic or dosage form, including a new use of a previously approved drug, can be marketed in the United States. Drugs and biologics are also subject to other federal, state, and local statutes and regulations. If we fail to comply with applicable FDA or other requirements at any time during the product development process, clinical testing, the approval process or after approval, we may become subject to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, civil monetary penalties or criminal prosecution. Any FDA enforcement action could have a material adverse effect on us.

The process required by the FDA before product candidates may be marketed in the United States generally involves the following:

- completion of extensive preclinical laboratory tests and preclinical animal studies, all performed in accordance with the Good Laboratory Practices regulations;
- submission to the FDA of an investigational new drug application, or IND, which must become effective before human clinical trials may begin and must be updated annually;
- approval by an independent institutional review board, or IRB, or ethics committee representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the product candidate for each proposed indication;
- preparation of and submission to the FDA of a new drug application, or NDA, or biologics license application, or BLA, after completion of all pivotal clinical trials;
- potential review of the product application by an FDA advisory committee, where appropriate and if applicable;
- a determination by the FDA within 60 days of its receipt of an NDA or BLA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities where the proposed product is produced to assess compliance with current Good Manufacturing Practices, or cGMP;
- a potential FDA audit of the preclinical research and clinical trial sites that generated the data in support of the NDA or BLA; and
- FDA review and approval of an NDA or BLA prior to any commercial marketing or sale of the product in the U.S.

The preclinical research and clinical testing and approval process require substantial time, effort, and financial resources, and we cannot be certain that any approvals for our product candidates will be granted on a timely basis, if at all.

An IND is a request for authorization from the FDA to administer an investigational new drug product to humans in clinical trials. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human clinical trials. The IND also includes results of animal studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational new drug. An IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to the proposed clinical trials. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before clinical trials can begin. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence.

Clinical Trials

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with Good Clinical Practices, or GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety, and the efficacy criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. Additionally, approval must also be obtained from each clinical trial site's IRB or ethics committee, before the trials may be initiated, and the IRB or ethics committee must monitor the trial until completed. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

The clinical investigation of a drug is generally divided into three or four phases. Although the phases are usually conducted sequentially, they may overlap or be combined.

- *Phase I* . The drug is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to evaluate the safety, dosage tolerance, metabolism and pharmacologic actions of the investigational new drug in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness.
- *Phase II* . The drug is administered to a limited patient population to evaluate dosage tolerance and optimal dosage, identify possible adverse side effects and safety risks, and preliminarily evaluate efficacy.
- *Phase III* . The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites to generate enough data to statistically evaluate dosage, clinical effectiveness and safety, to establish the overall benefit-risk relationship of the investigational new drug product, and to provide an adequate basis for physician labeling.
- *Phase IV* . In some cases, the FDA may condition approval of an NDA or BLA for a product candidate on the sponsor's agreement to conduct additional clinical trials after approval. In other cases, a sponsor may voluntarily conduct additional clinical trials after approval to gain more information about the drug. Such post-approval studies are typically referred to as phase IV clinical trials.

Clinical trial sponsors must also report to the FDA, within certain timeframes, serious and unexpected adverse reactions, any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator's brochure, or any findings from other studies or animal testing that suggest a significant risk in humans exposed to the product candidate. The FDA, the IRB or ethics committee, or the clinical trial sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial.

The clinical trial process can take years to complete, and there can be no assurance that the data collected will support FDA approval or licensure of the product. Results from one trial are not necessarily predictive of results from later trials. We may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate.

Submission of an NDA or BLA to the FDA

Assuming successful completion of all required preclinical studies and clinical testing in accordance with all applicable regulatory requirements, detailed investigational new drug product information is submitted to the FDA in the form of an NDA or BLA requesting approval to market the product for one or more indications. Under federal law, the submission of most NDAs and BLAs is subject to an application user fee. For fiscal year 2017, the application user fee exceeds $2,038, and the sponsor of an approved NDA or BLA is also subject to annual product and establishment user fees, set at $98 per product and $512 per establishment. These fees are typically increased annually. Applications for orphan drug products are exempted from the NDA and BLA application user fee, unless the application includes an indication for other than a rare disease or condition, and may be exempted from product and establishment user fees under certain conditions.

An NDA or BLA must include all relevant data available from pertinent preclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labeling, among other things. Data comes from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, and may also come from a number of alternative sources, including trials initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational new drug product to the satisfaction of the FDA.

Once an NDA or BLA has been submitted, the FDA's goal is to review the application within ten months after it accepts the application for filing, or, if the application relates to an unmet medical need in a serious or life-threatening indication, six months after the FDA accepts the application for filing. The review process is often significantly extended by the FDA's requests for additional information or clarification.

Before approving an NDA or BLA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA or BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

The FDA is required to refer an NDA or BLA for a novel drug (in which no active ingredient has been approved in any other application) to an advisory committee or explain why such referral was not made. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

The FDA's Decision on an NDA or BLA

After the FDA evaluates the NDA or BLA and conducts inspections of manufacturing facilities where the product will be produced, the FDA will issue either an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. In order to satisfy deficiencies identified in a Complete Response Letter, additional clinical data and/or an additional phase III clinical trial(s), and/or other significant, expensive and time-consuming requirements related to clinical trials, preclinical studies or manufacturing may be required for the product candidate. Even if such additional information is submitted, the FDA may ultimately decide that the NDA or BLA does not satisfy the criteria for approval. The FDA could also approve the NDA or BLA with a risk evaluation and mitigation strategy, plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include phase IV clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization. New government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our products under development.

Patent Term Restoration

Depending upon the timing, duration, and specifics of the FDA approval of the use of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA or BLA, plus the time between the submission date and the approval of that application. Only one patent applicable to an approved product is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent and within 60 days of the product's approval. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of patent term for one of our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA or BLA.

Companion Diagnostics

In its August 6, 2014, guidance document entitled " *In Vitro Companion Diagnostic Devices* ," the FDA defines an IVD companion diagnostic device to be an in vitro diagnostic device that provides information that is essential for the safe and effective use of a corresponding therapeutic product. Use of an IVD companion diagnostic device is considered essential when its use is required in the labeling of a therapeutic product, for example, to select appropriate patients for a product or those who should not use the product, or to monitor patients to achieve safety or effectiveness. In most circumstances, the IVD companion diagnostic device should be approved or cleared by FDA under the device authorities of the FDCA contemporaneously with the therapeutic product's approval under section 505 of the FDCA for a drug or section 351 of the PHSA for a biological product. FDA expects the therapeutic product sponsor to address the need for an approved or cleared IVD companion diagnostic device in its therapeutic product development plan. The therapeutic product sponsor may develop its own IVD companion diagnostic device, partner with a diagnostic device sponsor to develop an IVD companion diagnostic device, or explore modifying an existing IVD diagnostic device to develop a new intended use. The FDA explains if a diagnostic device and a therapeutic device are studied together to support their respective approvals, both products can be studied in the same investigational study that meets both the requirements of the Investigational Device Exemption, or IDE, regulations and the IND regulations. Depending on the study plan and participants, a sponsor may seek to submit an IND alone, or both an IND and IDE.

Raw Materials, Manufacturing, and Supply

We have limited experience in manufacturing products for clinical or commercial purposes. We produce small quantities of our products in our laboratories for internal use. We believe that sources of raw materials pertinent to our laboratory operations and for manufacturing of our products by a CMO are generally available.

We have established a contract manufacturing relationship for the supply of SIRPαFc that we believe will provide sufficient material for clinical trials. However, there can be no assurance that our contract manufacturer will be successful at scaling up and producing our product with the required quality and in the quantities and timelines that we will need for clinical and/or commercial purposes.

We expect to similarly rely on contract manufacturing relationships for any products that we may further develop, or in-license or acquire in the future. However, there can be no assurance that we will be able to successfully contract with such manufacturers on terms acceptable to us, or at all.

Contract manufacturers are subject to ongoing periodic and unannounced inspections by the FDA, the U.S. Drug Enforcement Administration and corresponding state agencies to ensure strict compliance with cGMP and other state and federal regulations. We do not have control over third-party manufacturers' compliance with these regulations and standards, other than through contractual obligations and periodic auditing. If they are deemed out of compliance with such regulations, approvals could be delayed, product recalls could result, inventory could be destroyed, production could be stopped and supplies could be delayed or otherwise disrupted.

If we need to change manufacturers after commercialization, the FDA and corresponding foreign regulatory agencies must approve these new manufacturers in advance, which will involve testing and additional inspections to ensure compliance with FDA regulations and standards and may require significant lead times and delay, and disruption of supply. Furthermore, switching manufacturers may be difficult because the number of potential manufacturers is limited. It may be difficult or impossible for us to find a replacement manufacturer quickly or on terms acceptable to us, or at all.

Property, Plant and Equipment

We currently operate from approximately 22,000 square feet of leased laboratory and office space at 2488 Dunwin Drive, Ontario, Canada, L5L 1J9. We perform research and development in our facility and use qualified vendors and collaborators to conduct clinical research, research and development and manufacturing on our behalf. We incur capital expenditures mainly for leaseholds, laboratory equipment, office equipment, and computer equipment in the operation of our business. As at December 31, 2017 the net carrying value of our property and equipment was $2,882.

Employees

As at December 31, 2017, we had fifty-nine full-time employees including five senior management, forty-eight research and development staff and six finance and administrative staff. Fifty-seven employees are located at our head office and lab facilities in Mississauga, Ontario, Canada and two employees are located at in the United States.

We also use consultants and outside contractors to carry on many of our activities, including preclinical testing and validation, formulation, assay development, manufacturing, clinical and regulatory affairs, toxicology and clinical trials.

Legal Proceedings

To our knowledge, there have not been any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, those involving any third party, and governmental proceedings pending or known to be contemplated, which may have, or have had in the recent past, significant effect on our financial position or profitability.

Also, to our knowledge, there have been no material proceedings in which any director, any member of senior management, or any of our affiliates is either a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS – 3 YEAR SUMMARY

Acquisition of Fluorinov Pharma Inc.

On January 26, 2016, we acquired all the outstanding shares of Fluorinov, a privately-held oncology company that has developed a proprietary medicinal chemistry platform using unique fluorine chemistry. The terms of the acquisition were an upfront payment of $10,000 plus up to $35,000 of additional future payments that are contingent on us achieving certain clinical and regulatory milestones with an existing Fluorinov compound. We will also have an obligation to pay royalty payments on future sales of such compounds. The upfront payment was subject to adjustment based on the net working capital of Fluorinov and other adjustments at the time of closing. At our discretion, up to 50% of the future contingent payments can be satisfied through the issuance of common shares of Trillium provided that the aggregate number of common shares issuable under such payments will not exceed 1,558,447 common shares unless shareholder approval has first been obtained. In addition, any such future share issuance remains subject to final approval from our board of directors and receipt of any requisite approvals under the applicable rules of the TSX and NASDAQ . We have also committed to use commercially reasonable efforts to monetize Fluorinov's central nervous system, or CNS, assets and share 50% of the net proceeds with Fluorinov shareholders.

Agreements with Catalent Pharma Solutions

In connection with our development of SIRPαFc, we entered into two agreements on August 12, 2014 with Catalent pursuant to which we acquired the right to use two of Catalent's proprietary GPEx® expression cell lines for the manufacture of SIRPαFc. One agreement relates to the manufacture of TTI-621 and the other agreement relates to the manufacture of TTI-622. In consideration for the purchase of the expression cell lines, each agreement provides that we will pay Catalent up to US$875 upon reaching certain pre-marketing approval milestones and up to an additional US$28,750 for reaching certain sales milestones. We will also pay Catalent an annual product maintenance fee until the first product derived from the expression cell lines receives a regulatory approval other than a pricing approval.

Under the Catalent agreements, we may use the two expression cell lines to secure such regulatory approvals and to develop, test, market and otherwise commercially exploit products originating from the cell lines. We may transfer the expression cell lines to a third party contract manufacturer who may utilize the cell lines in a similar fashion. We, or a third-party, cannot use or modify the cell lines, or any portions of the cell lines, to create a new cell line.

We plan to further develop the expression cell lines for use in our pre-IND toxicology and pharmacology studies, as well as to supply our phase I clinical trial. We will be required to indemnify Catalent for any costs Catalent incurs related to regulatory filings and related claims or proceedings, for the conduct of any clinical trials and for any manufacture, packaging, sale, promotion, distribution, use of or exposure to the expression cell lines or products. As a result of this risk, we are obligated to maintain several designated insurance policies throughout the term of the agreements.

We may terminate the agreements upon 90 days' written notice to Catalent, upon their bankruptcy or upon their material breach and failure to cure within 30 days. Similarly, Catalent may terminate the agreements upon our bankruptcy or upon our material breach and failure to cure within 30 days. If our material breach is for nonpayment, however, we will only have 10 days to cure before Catalent may terminate the agreement.

Financings

See details of our financings completed over the past three years under "Description of Share Capital" below.

Capital Markets

We are listed on the TSX and NASDAQ under the symbol "TRIL".

Capital Expenditures

Capital expenditures for 2017 were mainly for laboratory equipment. Capital expenditures for 2016 were mainly for leasehold improvements for our new office and laboratory location, laboratory equipment, office equipment, and information technology equipment. Capital expenditures in the years ended December 31, 2017 and 2016 are set out in the following table.

	Year ended December 31,	
	2017	**2016**
Capital expenditures	$ 471	$ 2,966

Trend Information

Historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures and therefore liquidity and capital resources vary substantially from period to period depending on the number of research and development programs being undertaken at any one time, the stage of the development programs, the timing of significant expenditures for manufacturing, toxicology and pharmacology studies and clinical trials, and the availability of funding from investors and prospective commercial partners.

RISK FACTORS

An investment in our common shares involves a high degree of risk and should be considered speculative. An investment in our common shares should only be undertaken by those persons who can afford the total loss of their investment. You should carefully consider the risks and uncertainties described below, as well as other information contained in this AIF. The risks and uncertainties below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any of the following risks occur, our business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment. Further, if we fail to meet the expectations of the public market in any given period, the market price of our common shares could decline. We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control.

Risks Related to Our Financial Position and Need for Additional Capital

We expect to incur future losses and we may never become profitable.

We have incurred losses of $45,088, $31,733 and $14,734 for the years ended December 31, 2017, 2016, and 2015, respectively, and expect to incur an operating loss for the year ending December 31, 2018. We have an accumulated deficit since inception through December 31, 2017 of $142,111. We believe that operating losses will continue as we are planning to incur significant costs associated with the clinical development of SIRPαFc. Our net losses have had and will continue to have an adverse effect on, among other things, our shareholders' equity, total assets and working capital. We expect that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. We cannot predict when we will become profitable, if at all.

We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidates or develop new product candidates.

As a research and development company, our operations have consumed substantial amounts of cash since inception. We expect to spend substantial funds to continue the research, development and testing of our product candidates and to prepare to commercialize products subject to approval of the U.S. Food and Drug Administration, or FDA, in the U.S. and similar approvals in other jurisdictions. We will also require significant additional funds if we expand the scope of our current clinical plans or if we were to acquire any new assets and advance their development. Therefore, for the foreseeable future, we will have to fund all of our operations and development expenditures from cash on hand, equity or debt financings, through collaborations with other biotechnology or pharmaceutical companies or through financings from other sources. We expect that our existing cash and cash equivalents and marketable securities at December 31, 2017 of $81,791 will enable us to fund our current operating plan requirements for at least the next twelve months. Additional financing will be required to meet our long term liquidity needs. If we do not succeed in raising additional funds on acceptable terms, we might not be able to complete planned preclinical studies and clinical trials or pursue and obtain approval of any product candidates from the FDA and other regulatory authorities. It is possible that future financing will not be available or, if available, may not be on favorable terms. The availability of financing will be affected by the achievement of our corporate goals, the results of scientific and clinical research, the ability to obtain regulatory approvals, the state of the capital markets generally and with particular reference to drug development companies, the status of strategic alliance agreements and other relevant commercial considerations. If adequate funding is not available, we may be required to delay, reduce or eliminate one or more of our product development programs, or obtain funds through corporate partners or others who may require us to relinquish significant rights to product candidates or obtain funds on less favorable terms than we would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our intangible assets and our ability to continue our clinical development plans may become impaired, and our assets, liabilities, business, financial condition and results of operations may be materially or adversely affected.

We currently have no product revenue and will not be able to maintain our operations and research and development without additional funding.

To date, we have generated no product revenue and cannot predict when and if we will generate product revenue. Our ability to generate product revenue and ultimately become profitable depends upon our ability, alone or with partners, to successfully develop our product candidates, obtain regulatory approval, and commercialize products, including any of our current product candidates, or other product candidates that we may develop, in-license or acquire in the future. We do not anticipate generating revenue from the sale of products for the foreseeable future. We expect our research and development expenses to increase in connection with our ongoing activities, particularly as we advance our product candidates through clinical trials.

We are exposed to the financial risk related to the fluctuation of foreign exchange rates and the degrees of volatility of those rates.

We may be adversely affected by foreign currency fluctuations. To date, we have been primarily funded through issuances of equity, proceeds from the exercise of warrants and stock options and from interest income on funds available for investment, which are all denominated both in Canadian and U.S. dollars. Also, a significant portion of our expenditures are in U.S. dollars, and we are therefore subject to foreign currency fluctuations which may, from time to time, impact our financial position and results of operations.

Risks Related to Our Business and Our Industry

Our prospects depend on the success of our product candidates which are at early stages of development, and we may not generate revenue for several years, if at all, from these products.

Given the early stage of our product development, we can make no assurance that our research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations, we, alone or with others, must successfully develop, gain regulatory approval, and market our future products. We currently have no products that have been approved by the FDA, Health Canada, or HC, or any similar regulatory authority. To obtain regulatory approvals for our product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the product candidates are safe for human use and that they demonstrate efficacy. While we have commenced Phase I trials for SIRPαFc, we have not yet completed a Phase I clinical trial or subsequent required clinical trials for any of our product candidates.

Many product candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause us or our collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favorable outcomes in later-stage clinical trials. We can make no assurance that any future studies, if undertaken, will yield favorable results.

We acquired several preclinical and discovery research programs in our acquisition of Fluorinov, including certain assets relating to the treatment of CNS disorders. While we conducted extensive due diligence before making this acquisition, our assessment of the Fluorinov technologies may not be accurate. Therefore, our expectations about whether various clinical and regulatory milestones with an existing Fluorinov compound or development of a future program on the Fluorinov development platform will be achieved may not be borne out fully or at all. We have made a commitment to use commercially reasonable efforts to monetize the Fluorinov CNS assets and, if successful, to share the net proceeds with the Fluorinov vendors. As this is not our core competency, our efforts to monetize these assets or any other Fluorinov assets may not be successful. We can make no assurances that toxicology, or other preclinical, studies will yield results that will allow us to proceed with clinical trials in humans.

The early stage of our product development makes it particularly uncertain whether any of our product development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of our product candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If we are successful in developing our current and future product candidates into approved products, we will still experience many potential obstacles such as the need to develop or obtain manufacturing, marketing and distribution capabilities. If we are unable to successfully commercialize any of our products, our financial condition and results of operations may be materially and adversely affected.

We rely and will continue to rely on third parties to plan, conduct and monitor our preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to our business.

We rely and will continue to rely on third parties to conduct a significant portion of our preclinical and clinical development activities. Preclinical activities include in vivo studies providing access to specific disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in our relationship with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, our active development programs will face delays. Further, if any of these third parties fails to perform as we expect or if their work fails to meet regulatory requirements, our testing could be delayed, cancelled or rendered ineffective.

We rely on contract manufacturers over whom we have limited control. If we are subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, our business operations could suffer significant harm.

We have limited manufacturing experience and rely on contract manufacturing organizations, or CMOs to manufacture our product candidates for larger preclinical studies and clinical trials. We produce small quantities of our product candidates at bench scale in our laboratory facilities for use in smaller preclinical studies. We rely on CMOs for manufacturing, filling, packaging, storing and shipping of drug product in compliance with current Good Manufacturing Practice, or cGMP, regulations applicable to our products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product.

We contracted with Catalent for the manufacture of the SIRPαFc protein to supply drug substance for our Phase I clinical trials. The manufacture of recombinant proteins uses well established processes including a protein expression system. Catalent is producing SIRPαFc using their proprietary GPEx® expression system. We believe that Catalent has the capacity, the systems, and the experience to supply SIRPαFc for our Phase I clinical trials and we may consider using Catalent for manufacturing for later clinical trials. However, since the Catalent manufacturing facility where SIRPαFc is being produced was only recently established and does not support commercial manufacturing, it has not yet been inspected by the FDA. Any manufacturing failures or delays or compliance issues could cause delays in the conduct of SIRPαFc preclinical studies and clinical trials.

There can be no assurances that CMOs will be able to meet our timetable and requirements. We have not contracted with alternate suppliers for SIRPαFc drug substance production in the event Catalent is unable to scale up production, or if Catalent otherwise experiences any other significant problems. If we are unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, we may be delayed in the development of our product candidates. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. Our dependence upon third parties for the manufacture of our products may adversely affect our profit margins and our ability to develop and deliver products on a timely and competitive basis.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we would incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct preclinical studies in animals and extensive clinical trials in humans to demonstrate the safety and efficacy of the product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. We do not know whether the clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of our product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk we face is the possibility that none of our product candidates under development will successfully gain market approval from the FDA or other regulatory authorities, resulting in us being unable to derive any commercial revenue from them after investing significant amounts of capital in multiple stages of preclinical and clinical testing.

If we experience delays in clinical testing, we will be delayed in commercializing our product candidates, and our business may be substantially harmed.

We cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Our product development costs will increase if we experience delays in clinical testing. Significant clinical trial delays could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before us, which would impair our ability to successfully commercialize our product candidates and may harm our financial condition, results of operations and prospects. The commencement and completion of clinical trials for our products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in our trials at the rate we expect;
- suspension or termination of clinical trials by regulators for many reasons, including concerns about patient safety or failure of our CMOs to comply with cGMP requirements;
- any changes to our manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from CMOs of our products necessary to conduct clinical trials;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which we are developing any of our product candidates or participating in competing clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety and/or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;
- clinical investigators not performing our clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner;
- failure of our contract research organizations, or CROs, to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by regulatory authorities or Institutional Review Boards, or IRBs, or ethics committees finding regulatory violations that require us to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study;
- one or more IRBs or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; or
- failure to reach agreement on acceptable terms with prospective clinical trial sites.

Our product development costs will increase if we experience delays in testing or approval or if we need to perform more or larger clinical trials than planned. Additionally, changes in regulatory requirements and policies may occur, and we may need to amend study protocols to reflect these changes. Amendments may require us to resubmit our study protocols to regulatory authorities or IRBs or ethics committees for re-examination, which may impact the cost, timing or successful completion of that trial. Delays or increased product development costs may have a material adverse effect on our business, financial condition and prospects.

We may not be able to file INDs to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA may not permit us to proceed in a timely manner, or at all.

Prior to commencing clinical trials in the United States for any of our product candidates, we may be required to have an allowed IND for each product candidate and to file additional INDs prior to initiating any additional clinical trials for SIRPαFc. We believe that the data from previous preclinical studies will support the filing of additional INDs, to enable us to undertake additional clinical studies as we have planned. However, submission of an IND may not result in the FDA allowing further clinical trials to begin and, once begun, issues may arise that will require us to suspend or terminate such clinical trials. Additionally, even if relevant regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, these regulatory authorities may change their requirements in the future. Failure to submit or have effective INDs and commence clinical programs will significantly limit our opportunity to generate revenue.

If we have difficulty enrolling patients in clinical trials, the completion of the trials may be delayed or cancelled.

As our product candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, we will need to enroll an increasing number of patients that meet our eligibility criteria. There is significant competition for recruiting cancer patients in clinical trials, and we may be unable to enroll the patients we need to complete clinical trials on a timely basis or at all. The factors that affect our ability to enroll patients are largely uncontrollable and include, but are not limited to, the following:

- size and nature of the patient population;
- eligibility and exclusion criteria for the trial;
- design of the study protocol;
- competition with other companies for clinical sites or patients;
- the perceived risks and benefits of the product candidate under study;
- the patient referral practices of physicians; and
- the number, availability, location and accessibility of clinical trial sites.

If we are unable to successfully develop companion diagnostics for our therapeutic product candidates, or experience significant delays in doing so, we may not achieve marketing approval or realize the full commercial potential of our therapeutic product candidates.

We may develop companion diagnostics for our therapeutic product candidates. We expect that, at least in some cases, regulatory authorities may require the development and regulatory approval of a companion diagnostic as a condition to approving our therapeutic product candidates. We have limited experience and capabilities in developing or commercializing diagnostics and plan to rely in large part on third parties to perform these functions. We have not begun to develop companion diagnostics for any of our therapeutic product candidates.

Companion diagnostics are subject to regulation by the FDA, HC, and comparable foreign regulatory authorities as medical devices and may require separate regulatory approval or clearance prior to commercialization. If we, or any third parties that we engage to assist us, are unable to successfully develop companion diagnostics for our therapeutic product candidates, or experience delays in doing so, our business may be substantially harmed.

Regulatory approval processes are lengthy, expensive and inherently unpredictable. Our inability to obtain regulatory approval for our product candidates would substantially harm our business.

Our development and commercialization activities and product candidates are significantly regulated by a number of governmental entities, including the FDA, HC, and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and we may fail to obtain the necessary approvals to commence or continue clinical testing. We must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval before we can commercialize a product candidate. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities we perform is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if we believe results from our clinical trials are favorable to support the marketing of our product candidates, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval.

We could fail to receive regulatory approval for our product candidates for many reasons, including, but not limited to:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of our product candidates to support the submission and filing of a biologic license application, or BLA, or other submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of CMOs with whom we contract for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render our preclinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. If we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Moreover, depending on any safety issues associated with our product candidates that garner approval, the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products.

We may not achieve our publicly announced milestones according to schedule, or at all.

From time to time, we may announce the timing of certain events we expect to occur, such as the anticipated timing of results from our clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a CMO or a CRO or any other event having the effect of delaying the publicly announced timeline. We undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on our business plan, financial condition or operating results and the trading price of common shares.

We face competition from other biotechnology and pharmaceutical companies and our financial condition and operations will suffer if we fail to effectively compete.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our competitors include large, well-established pharmaceutical companies, biotechnology companies, and academic and research institutions developing cancer therapeutics for the same indications we are targeting and competitors with existing marketed therapies. Many other companies are developing or commercializing therapies to treat the same diseases or indications for which our product candidates may be useful. Although there are no approved therapies that specifically target the CD47 pathway, some competitors use therapeutic approaches that may compete directly with our product candidates. For example, SIRPαFc is in direct competition with CD47 blocking antibodies from Forty Seven Inc., Celgene Corporation, Novimmune SA and others.

Many of our competitors have substantially greater financial, technical and human resources than we do and have significantly greater experience than us in conducting preclinical testing and human clinical trials of product candidates, scaling up manufacturing operations and obtaining regulatory approvals of products. Accordingly, our competitors may succeed in obtaining regulatory approval for products more rapidly than we do. Our ability to compete successfully will largely depend on:

- the efficacy and safety profile of our product candidates relative to marketed products and other product candidates in development;
- our ability to develop and maintain a competitive position in the product categories and technologies on which we focus;
- the time it takes for our product candidates to complete clinical development and receive marketing approval;
- our ability to obtain required regulatory approvals;
- our ability to commercialize any of our product candidates that receive regulatory approval;
- our ability to establish, maintain and protect intellectual property rights related to our product candidates; and
- acceptance of any of our product candidates that receive regulatory approval by physicians and other healthcare providers and payers.

Competitors have developed and may develop technologies that could be the basis for products that challenge the differentiated nature and potential for best-in-class product development programs and discovery research capabilities of Fluorinov. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than our product candidates and may be more effective or less costly than our product candidates. The success of our competitors and their products and technologies relative to our technological capabilities and competitiveness could have a material adverse effect on the future preclinical studies and clinical trials of our product candidates, including our ability to obtain the necessary regulatory approvals for the conduct of such clinical trials. This may further negatively impact our ability to generate future product development programs using Fluorinov technology.

If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will substantially suffer.

We heavily rely on the capabilities and experience of our key executives and scientists and the loss of any of them could affect our ability to develop our products.

The loss of Dr. Niclas Stiernholm, our President and Chief Executive Officer, or other key members of our staff, could harm us. We have employment agreements with Drs. Stiernholm and other key members of our staff, although such employment agreements do not guarantee their retention. We also depend on our scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to us. In addition, we believe that our future success will depend in large part upon our ability to attract and retain highly skilled scientific, managerial, medical, clinical and regulatory personnel, particularly as we expand our activities and seek regulatory approvals for clinical trials. We enter into agreements with our scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of our business. We also enter into agreements with physicians and institutions who will recruit patients into our clinical trials on our behalf in the ordinary course of our business. Notwithstanding these arrangements, we face significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. We cannot predict our success in hiring or retaining the personnel we require for continued growth. The loss of the services of any of our executive officers or other key personnel could potentially harm our business, operating results or financial condition.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we have established, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a substantial impact on our business and results of operations, including the imposition of substantial fines or other sanctions.

The failure to fully realize the benefits of our acquisition of Fluorinov may adversely affect our future results.

In January 2016, we acquired all of the outstanding capital stock of Fluorinov, a small molecule medicinal chemistry company with preclinical oncology assets and a potential discovery platform. The success of our acquisition of Fluorinov will depend, in part, on our ability to fully realize the anticipated benefits from combining our business with Fluorinov's business. However, to realize these anticipated benefits, we must continue the research and development activities previously undertaken by Fluorinov as a stand-alone company. If we are unable to achieve these objectives, the anticipated benefits of our acquisition of Fluorinov may not be realized fully or at all or may take longer to realize than expected.

We may expand our business through the acquisition of companies or businesses or by entering into collaborations or by in-licensing product candidates, each of which could disrupt our business and harm our financial condition.

We have in the past and may in the future seek to expand our pipeline and capabilities by acquiring one or more companies or businesses, entering into collaborations, or in-licensing one or more product candidates. Acquisitions, collaborations and in-licenses involve numerous risks, including, but not limited to:

- substantial cash expenditures;
- technology development risks;
- potentially dilutive issuances of equity securities;
- incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition;
- difficulties in assimilating the operations of the acquired companies;
- potential disputes regarding contingent consideration;
- diverting our management's attention away from other business concerns;
- entering markets in which we have limited or no direct experience; and
- potential loss of our key employees or key employees of the acquired companies or businesses.

We have experience in making acquisitions, entering collaborations, and in-licensing product candidates, however, we cannot provide assurance that any acquisition, collaboration or in-license will result in short-term or long-term benefits to us. We may incorrectly judge the value or worth of an acquired company or business or in-licensed product candidate. In addition, our future success would depend in part on our ability to manage the rapid growth associated with some of these acquisitions, collaborations and in-licenses. We cannot provide assurance that we would be able to successfully combine our business with that of acquired businesses, manage a collaboration or integrate in-licensed product candidates. Furthermore, the development or expansion of our business may require a substantial capital investment by us.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of our products may have an adverse impact on our future commercialization efforts .

From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to our product candidates, or the therapeutic areas in which our product candidates compete, could adversely affect our share price and our ability to finance future development of our product candidates, and our business and financial results could be materially and adversely affected.

We face the risk of product liability claims, which could exceed our insurance coverage and produce recalls, each of which could deplete our cash resources.

We are exposed to the risk of product liability claims alleging that use of our product candidates caused an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing or sale of our product candidates and may be made directly by patients involved in clinical trials of our product candidates, by consumers or healthcare providers or by individuals, organizations or companies selling our products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product candidate moves through the development pipeline to commercialization. We currently maintain clinical trial liability insurance coverage of $10,000. However, there can be no assurance that such insurance coverage is or will continue to be adequate or available to us at a cost acceptable to us or at all. We may choose or find it necessary under our collaborative agreements to increase our insurance coverage in the future. We may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of our coverage, require us to pay a substantial monetary award from our own cash resources and have a material adverse effect on our business, financial condition and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about our products and business, inhibit or prevent commercialization of other products and product candidates or negatively impact existing or future collaborations.

If we are unable to maintain product liability insurance required by our third parties, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.

Some of our licensing and other agreements with third parties require or might require us to maintain product liability insurance. If we cannot maintain acceptable amounts of coverage on commercially reasonable terms in accordance with the terms set forth in these agreements, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.

Risks Related to Intellectual Property

If we are unable to adequately protect and enforce our intellectual property, our competitors may take advantage of our development efforts or acquired technology and compromise our prospects of marketing and selling our key products.

We control two patent families relating to SIRPα. One family relates to the use of SIRPα to treat cancer. The other family relates to our drug as a composition of matter, SIRPαFc. We have also recently filed for patent protection covering additional inventions relating to SIRPα, including anti-cancer drug combination therapies that utilize SIRPαFc.

Our small molecule portfolio embraces patent filings that cover numerous different inventions. With the exception of one process scheme, these patent filings each claim a family of small molecule drugs as compositions of matter, together with claims for their production and their medical uses. These drugs target cancer for the most part, and some related medical end-uses.

Our success will depend in part upon our ability to protect our intellectual property and proprietary technologies and upon the nature and scope of the intellectual property protection we receive. For example, some of our patent portfolio covers primarily methods of medical use but not compositions of matter. The ability to compete effectively and to achieve partnerships will depend on our ability to develop and maintain proprietary aspects of our technology and to operate without infringing on the proprietary rights of others. The presence of such proprietary rights of others could severely limit our ability to develop and commercialize our products, to conduct our existing research and could require financial resources to defend litigation, which may be in excess of our ability to raise such funds. There is no assurance that our pending patent applications or those that we intend to acquire will be approved in a form that will be sufficient to protect our proprietary technology and gain or keep any competitive advantage that we may have or, once approved, will be upheld in any post-grant proceedings brought by any third parties.

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Patents issued to us or our respective licensors may be challenged, invalidated or circumvented. To the extent our intellectual property, including licensed intellectual property, offers inadequate protection, or is found to be invalid or unenforceable, we are exposed to a greater risk of direct competition. If our intellectual property does not provide adequate protection against our competitors' products, our competitive position could be adversely affected, as could our business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of Canada and the United States.

We will be able to protect our intellectual property from unauthorized use by third parties only to the extent that our proprietary technologies, key products, and any future products are covered by valid and enforceable intellectual property rights including patents or are effectively maintained as trade secrets, and provided we have the funds to enforce our rights, if necessary.

If we lose our licenses from third-party owners we may be unable to continue a substantial part of our business.

We are party to licenses that give us rights to intellectual property that is necessary or useful for a substantial part of our business. Pursuant to our exclusive license agreement with UHN and HSC under which we license certain patent rights for our key products and their uses, we are required to use commercially reasonable efforts to commercialize products based on the licensed rights and pay certain royalties and sublicensing revenue to UHN and HSC. These licenses require that we pay development milestone payments, regulatory milestone payments, royalties on net sales, and sublicensing revenues, as well as annual maintenance fees.

We have also entered into agreements allowing us to manufacture SIRPαFc using Catalent's proprietary GPEx® expression system. The consideration includes payments at the time we successfully reach a series of development and sales milestones. We may also enter into licenses in the future to access additional third-party intellectual property.

If we fail to pay annual maintenance fees, development and sales milestones, or it is determined that we did not use commercially reasonable efforts to commercialize licensed products, we could lose our licenses which could have a material adverse effect on our business and financial condition.

We may require additional third-party licenses to effectively develop and manufacture our key products and are currently unable to predict the availability or cost of such licenses.

A substantial number of patents have already been issued to other biotechnology and pharmaceutical companies. To the extent that valid third-party patent rights cover our products or services, we or our strategic collaborators would be required to seek licenses from the holders of these patents in order to manufacture, use or sell these products and services, and payments under them would reduce our profits from these products and services. We are currently unable to predict the extent to which we may wish or be required to acquire rights under such patents, the availability and cost of acquiring such rights, and whether a license to such patents will be available on acceptable terms or at all. There may be patents in the U.S. or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. Our inability to obtain such licenses may hinder or eliminate our ability to manufacture and market our products.

Changes in patent law and its interpretation could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time-consuming and inherently uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our and our licensors' or collaborators' ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the U.S. Patent and Trademark Office, or USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our and our licensors' or collaborators' ability to obtain new patents or to enforce existing patents and patents we and our licensors or collaborators may obtain in the future.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our and our licensors' or collaborators' patent applications and the enforcement or defense of our or our licensors' or collaborators' issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The USPTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our or our licensors' or collaborators' patent applications and the enforcement or defense of our or our licensors' or collaborators' issued patents, all of which could have a material adverse effect on our business and financial condition.

Litigation regarding patents, patent applications, and other proprietary rights may be expensive, time consuming and cause delays in the development and manufacturing of our key products.

Our success will depend in part on our ability to operate without infringing the proprietary rights of third parties. The pharmaceutical industry is characterized by extensive patent litigation. Other parties may have, or obtain in the future, patents and allege that the use of our technologies infringes these patent claims or that we are employing their proprietary technology without authorization.

In addition, third parties may challenge or infringe upon our existing or future patents. Proceedings involving our patents or patent applications or those of others could result in adverse decisions regarding:

- the patentability of our inventions relating to our key products; and/or
- the enforceability, validity, or scope of protection offered by our patents relating to our key products.

If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action, or challenge the validity of the patents in court. Regardless of the outcome, patent litigation is costly and time consuming. In some cases, we may not have sufficient resources to bring these actions to a successful conclusion. In addition, if we do not obtain a license, develop or obtain non-infringing technology, fail to defend an infringement action successfully or have infringed patents declared invalid, we may:

- incur substantial monetary damages;
- encounter significant delays in bringing our key products to market; and/or
- be precluded from participating in the manufacture, use or sale of our key products or methods of treatment requiring licenses.

Even if we are successful in these proceedings, we may incur substantial costs and divert management time and attention in pursuing these proceedings, which could have a material adverse effect on us.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them.

Because we rely on third parties to develop our products, we must share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with our collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of our collaborators, advisors, employees and consultants to publish data potentially relating to our trade secrets. Our academic and clinical collaborators typically have rights to publish data, provided that we are notified in advance and may delay publication for a specified time in order to secure our intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by us, although in some cases we may share these rights with other parties. We also conduct joint research and development programs which may require us to share trade secrets under the terms of research and development collaboration or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development or publication of information including our trade secrets in cases where we do not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of our trade secrets may impair our competitive position and could have a material adverse effect on our business and financial condition.

Risks Related to Our Common Shares

Our common share price has been volatile in recent years, and may continue to be volatile.

The market prices for securities of biopharmaceutical companies, including ours, have historically been volatile. In the year ended December 31, 2017, our common shares traded on the TSX at a high of $15.68 and a low of $5.26 per share and on the NASDAQ at a high of U.S. $13.30 and a low of U.S.$4.15 per share. In the year ended December 31, 2016, our common shares traded on the TSX at a high of $23.48 and a low of $7.12 per share and on the NASDAQ at a high of U.S. $17.70 and a low of U.S. $5.25 per share. A number of factors could influence the volatility in the trading price of our common shares, including changes in the economy or in the financial markets, industry related developments, the results of product development and commercialization, changes in government regulations, and developments concerning proprietary rights, litigation and cash flow. Our quarterly losses may vary because of the timing of costs for manufacturing, preclinical studies and clinical trials. Also, the reporting of adverse safety events involving our products and public rumors about such events could cause our share price to decline or experience periods of volatility. Each of these factors could lead to increased volatility in the market price of our common shares. In addition, changes in the market prices of the securities of our competitors may also lead to fluctuations in the trading price of our common shares.

We have never paid dividends and do not expect to do so in the foreseeable future.

We have not declared or paid any cash dividends on our common or preferred shares to date. The payment of dividends in the future will be dependent on our earnings and financial condition in addition to such other factors as our board of directors considers appropriate. Unless and until we pay dividends, shareholders may not receive a return on their shares. There is no present intention by our board of directors to pay dividends on our shares.

We may issue additional common shares to the former shareholders of Fluorinov as a result of our satisfaction of certain milestones, resulting in share ownership dilution.

Under the terms of our agreements with Fluorinov and its former shareholders, at our discretion up to 50% of any future contingent payments can be satisfied through the issuance of our common shares, provided that the aggregate number of common shares issuable under such payments will not exceed 1,558,447 common shares, which amount represented 19.99% of the outstanding common shares at the time of execution of the acquisition, unless shareholder approval has first been obtained.

Issuing additional common shares to the former shareholders of Fluorinov in satisfaction of contingent consideration dilutes the ownership interests of holders of our common shares on the dates of such issuances. If we are unable to realize the strategic, operational and financial benefits anticipated from our acquisition of Fluorinov, our shareholders may experience dilution of their ownership interests in our company upon any such future issuances of our common shares without receiving any commensurate benefit.

Future sales or issuances of equity securities and the conversion of outstanding securities to common shares could decrease the value of the common shares, dilute investors' voting power, and reduce our earnings per share.

We may sell additional equity securities in future offerings, including through the sale of securities convertible into equity securities, to finance operations, acquisitions or projects, and issue additional common shares if outstanding warrants or stock options are exercised, or preferred shares are converted to common shares, which may result in dilution. See the information in the section of this MD&A entitled "Description of Share Capital" for details of our outstanding securities convertible into common shares. Subject to receipt of any required regulatory approvals, subscribers of the December 2013 private placement who purchased a minimum of 10% of the securities sold under the offering received rights to purchase our securities in future financings to enable each such shareholder to maintain their percentage holding in our common shares for so long as the subscriber holds at least 10% of the outstanding common shares on a fully-diluted basis. Shareholders who do not have this future financing participation right may be disadvantaged in participating in such financings.

Our board of directors has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that we will issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of common shares at prices less than the current market price for our common shares.

Sales of substantial amounts of our securities, or the availability of such securities for sale, as well as the issuance of substantial amounts of our common shares upon conversion of outstanding convertible equity securities, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so.

U.S. holders of 10% or more of the voting power of our common shares may be subject to U.S. federal income taxation at ordinary income tax rates on undistributed earnings and profits.

There is a risk that we will be classified as a controlled foreign corporation, or CFC, for U.S. federal income tax purposes. We will generally be classified as a CFC if more than 50% of our outstanding shares, measured by reference to voting power or value, are owned (directly, indirectly or by attribution) by "U.S. Shareholders." For this purpose, a "U.S. Shareholder" is any U.S. person that owns directly, indirectly or by attribution, 10% or more of the voting power of our outstanding shares. If we are classified as a CFC, a U.S. Shareholder may be subject to U.S. income taxation at ordinary income tax rates on all or a portion of our undistributed earnings and profits attributable to "subpart F income" and may also be subject to tax at ordinary income tax rates on any gain realized on a sale of common shares, to the extent of our current and accumulated earnings and profits attributable to such shares. The CFC rules are complex and U.S. Shareholders of our common shares are urged to consult their own tax advisors regarding the possible application of the CFC rules to them in their particular circumstances.

We are likely a "passive foreign investment company," which may have adverse U.S. federal income tax consequences for U.S. shareholders .

U.S. investors should be aware that we believe we were classified as a PFIC during the tax years ended December 31, 2017 and 2016, and based on current business plans and financial expectations, we believe that we will be a PFIC for the current tax year and may be a PFIC in future tax years. If we are a PFIC for any year during a U.S. shareholder's holding period of our common shares, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of our common shares, or any so-called "excess distribution" received on our common shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election, or QEF Election, or a "mark-to-market" election with respect to our shares. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of our net capital gain and ordinary earnings for any year in which we are a PFIC, whether or not we distribute any amounts to our shareholders. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the common shares over the shareholder's adjusted tax basis therein. Each U.S. shareholder should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership and disposition of our common shares.

The effect of comprehensive U.S. tax reform legislation on the Company is uncertain.

On December 22, 2017, the U.S. government enacted H.R. 1, "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018" (informally titled the "Tax Cuts and Jobs Act"). Among a number of significant changes to the U.S. federal income tax rules, the Tax Cuts and Jobs Act reduces the marginal U.S. corporate income tax rate from 35% to 21%, limits the deduction for net interest expense, shifts the United States toward a more territorial tax system, and imposes new taxes to combat erosion of the U.S. federal income tax base, such as a one-time tax on earnings of certain foreign subsidiaries that were previously tax deferred and a new minimum tax on foreign earnings. The effects of the Tax Cuts and Jobs Act on our company, whether adverse or favorable, are uncertain, and may not become evident for some period of time, but could have a material adverse effect on our business, financial position or results from operations.

It may be difficult for non-Canadian investors to obtain and enforce judgments against us because of our Canadian incorporation and presence.

We are a corporation existing under the laws of the Province of Ontario, Canada. Several of our directors and officers, and several of the experts are residents of Canada, and all or a substantial portion of their assets, and a substantial portion of our assets, are located outside the United States. Consequently, although we have appointed an agent for service of process in the United States, it may be difficult for holders of our securities who reside in the United States to effect service within the United States upon those directors and officers, and the experts who are not residents of the United States. It may also be difficult for holders of our securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon our civil liability and the civil liability of our directors, officers and experts under the United States federal securities laws. Investors should not assume that Canadian courts (i) would enforce judgments of United States courts obtained in actions against us or such directors, officers or experts predicated upon the civil liability provisions of the United States federal securities laws or the securities or "blue sky" laws of any state or jurisdiction of the United States or (ii) would enforce, in original actions, liabilities against us or such directors, officers or experts predicated upon the United States federal securities laws or any securities or "blue sky" laws of any state or jurisdiction of the United States. In addition, the protections afforded by Canadian securities laws may not be available to investors in the United States.

If there are substantial sales of our common shares, the market price of our common shares could decline.

Sales of substantial numbers of our common shares could cause a decline in the market price of our common shares. Any sales by existing shareholders or holders who exercise their warrants or stock options may have an adverse effect on our ability to raise capital and may adversely affect the market price of our common shares.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common shares less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier. We cannot predict if investors will find our common shares less attractive because we may rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our share price may be more volatile.

Any failure to maintain an effective system of internal controls may result in material misstatements of our consolidated financial statements or cause us to fail to meet our reporting obligations or fail to prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares. While we believe that we have sufficient personnel and review procedures to allow us to maintain an effective system of internal controls, we cannot provide assurance that we will not experience potential material weaknesses in our internal control. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations.

If we fail to timely achieve and maintain the adequacy of our internal control over financial reporting, we may not be able to produce reliable financial reports or help prevent fraud. Our failure to achieve and maintain effective internal control over financial reporting could prevent us from complying with our reporting obligations on a timely basis, which could result in the loss of investor confidence in the reliability of our consolidated financial statements, harm our business and negatively impact the trading price of our common shares.

As a foreign private issuer, we are not subject to certain United States securities law disclosure requirements that apply to a domestic United States issuer, which may limit the information which would be publicly available to our shareholders.

As a foreign private issuer, we are not required to comply with all the periodic disclosure requirements of the Exchange Act, and therefore, there may be less publicly available information about us than if we were a United States domestic issuer. For example, we are not subject to the proxy rules in the United States and disclosure with respect to our annual meetings will be governed by Canadian requirements.

Our charter documents and certain Canadian legislation could delay or deter a change of control, limit attempts by our shareholders to replace or remove our current management and limit the market price of our common shares.

Our authorized preferred shares are available for issuance from time to time at the discretion of our board of directors, without shareholder approval. Our articles grant our board of directors the authority to determine the special rights and restrictions granted to or imposed on any unissued series of preferred shares, and those rights may be superior to those of our common shares. Further, the Investment Canada Act subjects any acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount or in other circumstances determined at the discretion of the Canadian government. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be of net benefit to Canada and the Canadian government is satisfied that no other important concerns arise from the acquisition of control. Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities to our shareholders to sell their shares.

DESCRIPTION OF SHARE CAPITAL

Overview

Our authorized share capital consists of an unlimited number of common shares, Class B Shares, First Preferred Shares, Series I Non-Voting Convertible First Preferred Shares, or Series I Preferred Shares, and Series II Non-Voting Convertible First Preferred Shares, or Series II Preferred Shares, in each case without nominal or par value.

The holders of common shares are entitled to receive notice of and to attend all annual and special meetings of our shareholders and to one vote per share held at each such meeting, and they are entitled to receive dividends as determined and declared by our board of directors.

Subject to the rights of the holders of any other class of our shares entitled to receive dividends in priority to or concurrently with the holders of the common shares, our board of directors may in its sole discretion declare dividends on the common shares to the exclusion of any other class of shares of the Company.

In the event of our liquidation, dissolution or winding up or other distribution of our assets among our shareholders for the purpose of winding up our affairs, the holders of the common shares shall, subject to the rights of the holders of any other class of shares entitled to receive our assets upon such a distribution in priority to or concurrently with the holders of the common shares, be entitled to participate in the distribution. Such distribution shall be made in equal amounts per share on all the common shares at the time outstanding without preference or distinction.

The holders of the Class B Shares are entitled to receive notice of and to attend any meeting of our shareholders but shall not be entitled to vote any of their Class B Shares at any such meeting. Each issued and fully paid Class B Share may at any time be converted, at the option of the holder, into one common share. In the event of our liquidation, dissolution or winding up or other distribution of our assets among our shareholders for the purpose of winding up our affairs, the holders of the Class B Shares shall be entitled to participate rateably with the common shares in any distribution of the assets of the Company.

The First Preferred Shares may at any time and from time to time be issued in one or more series and our board of directors may before the issue thereof fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series of First Preferred Shares.

The First Preferred Shares shall be entitled to priority over the common shares and Class B Shares and all other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of our assets in the event of our liquidation, dissolution or winding up or other distribution of our assets among our shareholders for the purpose of winding up our affairs.

The First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of our assets in the event of our liquidation, dissolution or winding up or other distribution of our assets among our shareholders for the purpose of winding up our affairs.

During 2013, we created a new series of shares, our Series I Preferred Shares. The holders of Series I Preferred Shares are not entitled to vote at any meeting of our shareholders (except in limited circumstances provided for in the OBCA), and they are entitled to receive dividends as determined and declared at the discretion of our board of directors equally on a one-for-one basis with the holders of shares of the other series of First Preferred Shares. Each issued and fully paid Series I Preferred Share may at any time be converted, at the option of the holder, into one-thirtieth ($1/30^{th}$) of a common share, subject to adjustment. In the event of a take-over bid, that is a "formal bid", the Offeror of such bid shall make an offer to acquire the same percentage of outstanding Series I Preferred Shares as the percentage of common shares for which the bid is made, on the same terms and for the same amount and kind of consideration.

During 2015, we created a new series of shares, our Series II Preferred Shares. The holders of Series II Preferred Shares are not entitled to vote at any meeting of our shareholders (except in limited circumstances provided for in the OBCA), and they are entitled to receive dividends as determined and declared at the discretion of our board of directors equally on a one-for-one basis with the holders of shares of the other series of First Preferred Shares. Each issued and fully paid Series II Preferred Share may at any time be converted, at the option of the holder, into one common share, subject to adjustment. In the event of a take-over bid, that is a "formal bid", the Offeror of such bid shall make an offer to acquire the same percentage of outstanding Series II Preferred Shares as the percentage of common shares for which the bid is made, on the same terms and for the same amount and kind of consideration.

As at December 31, 2017, 13,147,404 common shares were outstanding, 52,325,827 Series I Preferred Shares were outstanding and convertible into 1,744,194 common shares, and 4,368,403 Series II Preferred Shares were outstanding and convertible into 4,368,403 common shares.

As at December 31, 2017, 69,073,031 common share purchase warrants were outstanding and convertible into 2,302,434 common shares with a weighted average exercise price of $8.83 per common share and 1,190,476 Preferred Warrants (as defined below) were outstanding and convertible at the option of the holder into 1,190,476 common shares or 1,190,476 Series II Preferred Shares with a weighted average exercise price of $8.40 per share.

As at December 31, 2017, there were 1,746,982 stock options outstanding to purchase common shares. The terms and conditions of such stock options are contained in the 2016 Stock Option Plan.

Share capital issued – year ended December 31, 2017

In June 2017, the Company completed an underwritten public offering of common shares and Series II Preferred Shares in the United States. In the offering, the Company sold 2,949,674 common shares and 3,250,000 Series II Preferred Shares at a price of U.S. $5.00 per share. The gross proceeds from this offering were $41,847 (U.S. $30,998) before deducting offering expenses of $2,856.

Concurrently with the closing of the offering, the Company amended the terms of certain common share purchase warrants, or the Preferred Warrants, held by an existing institutional investor. The Preferred Warrants were previously exercisable to acquire up to 1,190,476 common shares at an exercise price of $8.40 per common share until December 13, 2018 (in each case after giving effect to the 30:1 consolidation previously effected by the Company). Pursuant to the amendment, each Preferred Warrants will now be exercisable, at the discretion of the holder, to acquire either one common share or one Series II Preferred Share. All other terms of the Preferred Warrants (including the aggregate number of shares issuable on exercise of the Preferred Warrants, the exercise price and the expiry date) remain unchanged.

In December 2017, the Company completed a non-brokered private placement financing and sold 1,950,000 common shares and 400,000 Series II Preferred Shares at a price of U.S. $8.50 per share yielding gross proceeds of $25,338 (U.S. $19,975) before deducting offering expenses of $1,784.

During the year ended December 31, 2017, 13,332 common shares were issued on the exercise of 399,980 common share purchase warrants for proceeds of $159; 900,364 Series I Preferred Shares were converted into 30,012 common shares; and 359,202 Series II Preferred Shares were converted into 359,202 common shares.

Share capital issued – for the year ended December 31, 2016

During the year ended December 31, 2016, 30,301 common shares were issued on the exercise of 909,059 common share purchase warrants for proceeds of $359; and 562,388 Series I Preferred Shares were converted into 18,746 common shares.

Share capital issued – for the year ended December 31, 2015

On April 7, 2015, the Company completed an underwritten public offering of common shares and Series II Preferred Shares in the United States. In the offering, Trillium sold 1,750,754 common shares and 1,077,605 Series II Preferred Shares at a price of U.S. $19.50 per share, including 228,359 common shares sold pursuant to the full exercise of the underwriters' option to purchase additional common shares. The gross proceeds to Trillium from this offering were $68,875 (U.S. $55,153) before deducting offering expenses of $4,913.

During the year ended December 31, 2015, 1,087,603 common shares were issued on the exercise of 32,628,425 common share purchase warrants for proceeds of $9,515 and 6,666 stock options were exercised for proceeds of $50.

During the year ended December 31, 2015, 15,716,110 Series I Preferred Shares were converted into 523,870 common shares.

Fully Diluted Share Capital

The number of issued and outstanding common shares, Series I Preferred Shares, Series II Preferred Shares common share purchase warrants, Preferred Warrants, and stock options on a fully converted basis as at December 31, 2017 was as follows:

	Number of common share equivalents
Common shares	13,147,404
Series I Preferred Shares	1,744,194
Series II Preferred Shares	4,368,403
Warrants (exercisable for common shares)	2,302,434
Preferred Warrants (exercisable for common shares or Series II Preferred Shares)	1,190,476
Stock options	1,746,982
Fully diluted common shares as at December 31, 2017	24,499,893

Warrants

Our board of directors authorized or ratified the issuances of the common share purchase warrants set forth in the table below and the issuance of one common share upon the due exercise of every 30 common share purchase warrants in accordance with its terms and the receipt by us of the designated exercise price payable in respect of the share prior to the time of expiry on the designated expiry date.

The following table shows the number of common share purchase warrants outstanding, the exercise prices, and the number of common shares issuable on exercise of such warrants and the exercise price per common share for 30 common share purchase warrants at December 31, 2017:

Expiry dates	Number of Warrants	Exercise Price	Number of Common shares Issuable on Exercise	Exercise Price per Common Share (30 Warrants)
March 2018	8,240,455	$ 0.40	274,682	$ 12.00
December 2018	60,832,576	$ 0.28	2,027,753	$ 8.40
Total	69,073,031		2,302,435	

Our board of directors authorized or ratified the issuances of the Preferred Warrants set forth in the table below and the issuance of one common share or one Series II Preferred Share upon the due exercise of each Preferred Warrant in accordance with its terms and the receipt by us of the designated exercise price payable in respect of the share prior to the time of expiry on the designated expiry date.

The following table shows the number of Preferred Warrants outstanding and their exercise price to acquire either one common share or one Series II Preferred Share at the option of the holder as at December 31, 2017:

Expiry dates	Number of Preferred Warrants	Exercise Price
December 2018	1,190,476	$ 8.40
Total	1,190,476	

Stock Options

Our board of directors authorized or ratified the issuances of the options set forth in the table below and the issuance of one common share upon the due exercise of each option in accordance with its terms and the receipt by us of the designated exercise price payable in respect of the share prior to the time of expiry on the designated expiry date.

As at December 31, 2017, we had the following outstanding stock options:

Number of Stock Options Outstanding	Number Exercisable		Exercise Price	Expiry Date
73,675	73,675	$	7.50	April 8, 2023
1,166	1,166	$	7.50	May 23, 2023
6,666	5,555	$	15.30	January 29, 2024
13,332	11,110	$	18.90	March 6, 2024
264,127	220,106	$	10.35	April 17, 2024
215,758	179,798	$	8.34	May 27, 2024
85,000	56,666	$	23.44	April 1, 2025
29,000	18,729	$	28.05	May 27, 2025
220,859	115,030	$	19.33	November 19, 2025
6,000	2,625	$	10.39	March 1, 2026
3,000	1,188	$	14.10	May 1, 2026
295,459	116,953	$	13.98	May 27, 2026
2,000	750	$	14.57	June 1, 2026
3,000	1,063	$	11.44	July 4, 2026
1,000	313	$	17.00	September 1, 2026
1,000	292	$	19.43	October 3, 2026
11,000	2,979	$	18.57	November 1, 2026
137,862	37,338	$	9.20	November 9, 2026
1,000	-	$	8.21	April 3, 2027
53,000	-	$	6.36	October 2, 2027
65,500	-	$	9.89	November 1, 2027
253,578	-	$	12.22	November 9, 2027
4,000	-	$	14.37	December 1, 2027
Total: 1,746,982	**Total: 845,336**			

Deferred Share Units

Our shareholders approved the 2014 Deferred Share Unit Plan, or the 2014 DSU Plan, on May 27, 2014 and the reservation for issuance of up to 66,667 common shares under the plan. Deferred share units, or DSUs, granted under the 2014 DSU Plan were equity-settled. There were no DSUs issued during the year ended December 31, 2016. A total of 51,788 DSUs were outstanding under this plan as at December 31, 2016 and March 8, 2017.

The board of directors approved a new cash-settled DSU plan, or the Cash-Settled DSU Plan, on November 9, 2016 and granted 47,614 DSUs for the payment of directors' fees that will ultimately be cash-settled. On March 9, 2017 the board of directors amended the terms of all outstanding equity-settled DSUs to be settled in cash. The 2014 DSU Plan was subsequently terminated resulting in a reclassification of $414 from contributed surplus to accrued liabilities and the Cash-Settled DSU Plan continues as our only DSU plan. On November 9, 2017, 46,187 DSUs were granted for payment of directors' fees. The fair values of DSUs under this plan as at December 31, 2017 and 2016 were $1,349 and $362, respectively. As at December 31, 2017, there were 145,589 DSUs outstanding under this plan.

Prior Sales

The following table summarizes details of each class of securities that is outstanding but not listed or quoted on a marketplace issued by the Company during the year ended December 31, 2017.

Date of Issuance	Price per Security or Exercise Price as Applicable	Number of and Description of Securities
April 3, 2017	$8.21	1,000 Options **(1)**
June 1, 2017	U.S.$5.00	2,750,000 Common shares **(2)**
June 1, 2017	U.S.$5.00	3,250,000 Series II Preferred Shares **(2)**
June 28, 2017	U.S.$5.00	199,674 Common shares **(2)**
October 2, 2017	$6.36	53,000 Options **(1)**
November 1, 2017	$9.89	65,500 Options **(1)**
November 9, 2017	$12.22	253,578 Options **(1)**
December 1, 2017	$14.37	4,000 Options **(1)**
December 1, 2017	U.S.$8.50	1,950,000 Common shares **(3)**
December 1, 2017	U.S.$8.50	400,000 Series II Preferred Shares **(3)**

Note:

(1) Issued under the 2016 Stock Option Plan.
(2) Issued in an underwritten public offering of common shares and Series II Preferred Shares in the United States.
(3) Issued in a private placement offering of common shares and Series II Preferred Shares in the United States.

MARKET FOR SECURITIES

We are listed on the TSX and on NASDAQ under the symbol “TRIL”. The following table shows the price ranges and volumes traded on the TSX and NASDAQ for the periods noted:

Month	TSX			NASDAQ		
	High ($)	Low ($)	Volume (#)	High (US$)	Low (US$)	Volume (#)
December 2017	$ 14.840	$ 13.500	373,330	$ 11.600	$ 10.400	3,668,810
November 2017	$ 15.680	$ 9.980	721,421	$ 13.300	$ 7.750	4,700,237
October 2017	$ 9.890	$ 6.270	265,105	$ 7.750	$ 4.901	2,815,763
September 2017	$ 6.520	$ 5.450	85,167	$ 5.350	$ 4.450	1,337,546
August 2017	$ 6.140	$ 5.260	93,533	$ 4.950	$ 4.150	602,277
July 2017	$ 6.290	$ 5.390	55,808	$ 5.050	$ 4.150	631,676
June 2017	$ 6.890	$ 5.600	80,163	$ 5.050	$ 4.300	1,457,332
May 2017	$ 8.770	$ 6.570	136,801	$ 6.400	$ 4.975	1,306,809
April 2017	$ 9.300	$ 7.910	136,543	$ 6.950	$ 5.850	914,112
March 2017	$ 9.300	$ 7.440	213,912	$ 7.100	$ 5.505	1,345,793
February 2017	$ 9.010	$ 6.150	418,307	$ 6.900	$ 4.700	2,357,995
January 2017	$ 8.180	$ 5.900	323,944	$ 6.300	$ 4.500	1,950,986

BOARD OF DIRECTORS AND MANAGEMENT

The following table and summary of business experience set forth the name, office held, and functions and areas of experience in the Company, principal business activities and other principal directorships of each of our directors and senior management:

Name Present Office Held Province/State and Country of Residence Position Held Since	Principal Business Activities, Other Principal Directorships and Function
Luke Beshar *Director* (1) New Jersey, USA March 10, 2014	Mr. Beshar is an independent biotechnology consultant and financial expert. He was most recently the Executive/Senior Vice President and Chief Financial Officer of NPS Pharmaceuticals, Inc., a global biopharmaceutical company from November 2007 to February 2015. Mr. Beshar also sits on the boards of REGENXBIO Inc. and Entera Bio Ltd. As an independent director, Mr. Beshar supervises our management and helps to ensure compliance with our corporate governance policies and standards.
Henry Friesen *Director* (1)(2) Manitoba, Canada June 28, 2011	Dr. Friesen is a Distinguished University Professor Emeritus at University of Manitoba since October 2000. As an independent director, Dr. Friesen supervises our management and helps to ensure compliance with our corporate governance policies and standards.
Robert Kirkman *Director* (1)(3) Washington, USA December 17, 2013	Dr. Kirkman was the President and Chief Executive Officer and director of Cascadian Therapeutics (formerly Oncothyreon Inc.), an oncology-focused biotechnology company from September 2006 to January 2016. As an independent director, Dr. Kirkman supervises our management and helps to ensure compliance with our corporate governance policies and standards.
Michael Moore *Director* (2)(3) Surrey, UK April 9, 2013	Dr. Moore was the Founder Chair and is a director of *MISSION* Therapeutics Ltd. since 2012, is a director of Chronos Therapeutics Ltd since 2009 and was the Chair of Trillium Privateco from 2004-2013. From 2003-2008, Dr. Moore was the Chief Executive Officer and director of Piramed Ltd., a UK-based oncology company acquired by Roche. As an independent director, Dr. Moore supervises our management and helps to ensure compliance with our corporate governance policies and standards.
Thomas Reynolds *Director* (2)(3) Washington, USA March 10, 2014	Dr. Reynolds is an independent biotechnology consultant since February 2013, and was Chief Medical Officer of Seattle Genetics, Inc., a biotechnology company focused on antibody-based therapies for the treatment of cancer from March 2007 to January 2013. Dr. Reynolds also sits on the board of MEI Pharma, Inc. As an independent director, Dr. Reynolds supervises our management and helps to ensure compliance with our corporate governance policies and standards.

Calvin Stiller *Director, Chair of the Board* Ontario, Canada July 18, 2011	Dr. Stiller is the Chair Emeritus of the Ontario Institute for Cancer Research and Professor Emeritus at Western University. Dr. Stiller also sits on the boards of Revera Corporation and Smarter Alloys Inc. As an independent director, Dr. Stiller supervises our management and helps to ensure compliance with our corporate governance policies and standards.
Helen Tayton-Martin *Director* (1)(2) Berkshire, UK October 1, 2017	Dr. Tayton-Martin is the Chief Business Officer at Adaptimmune Therapeutics since March 2017, a biotechnology company focused on cancer immunotherapy and a leader in T-cell therapy. Dr. Tayton-Martin co-founded Adaptimmune from the former company, Avidex Limited, and served as its Chief Operating Officer from 2008 to March 2017. As an independent director, Dr. Tayton-Martin supervises our management and helps to ensure compliance with our corporate governance policies and standards.
Niclas Stiernholm *President and Chief Executive Officer, Director* Ontario, Canada Director since July 18, 2011; President and CEO since April 9, 2013	Dr. Stiernholm is the President and Chief Executive Officer of Trillium since April 9, 2013 and was the Chief Executive Officer of Trillium Therapeutics Inc. (private) since 2002. He joined Trillium from YM BioSciences Inc. where he was Executive Vice President and Chief Scientific Officer. Mr. Stiernholm also sits on the board of Vasomune Therapeutics Inc. As President and Chief Executive Officer, Dr. Stiernholm is responsible for overseeing our strategic direction, executing business development plans and ensuring that our scientific programs remain funded and advance on schedule. As a director, Dr. Stiernholm participates in management oversight and helps to ensure compliance with our corporate governance policies and standards.
Robert Uger *Chief Scientific Officer* Ontario, Canada April 9, 2013	Dr. Uger is the Chief Scientific Officer of Trillium since April 9, 2013 and was the Vice President, Research of Trillium Privateco prior thereto from 2003. As Chief Scientific Officer, Dr. Uger is responsible for developing and implementing our scientific direction, and oversees both internal product development and external research and development programs.
James Parsons *Chief Financial Officer* Ontario, Canada August 25, 2011	Mr. Parsons is the Chief Financial Officer of Trillium since August 25, 2011 and was also the Director, Finance of Trillium Privateco. He was previously the Vice President, Finance of DiaMedica Inc. from October 2010 to May 2014. Mr. Parsons sits on the board of Sernova Corp and DiaMedica Therapeutics, Inc. As Chief Financial Officer, Mr. Parsons is responsible for financial and risk management, investor relations, corporate governance and administration.
Penka Petrova *Chief Development Officer* Ontario, Canada May 29, 2015	Dr. Petrova is the Chief Development Officer of Trillium since May 29, 2015 and was the Vice President, Drug Development from April 2013 to May 2015. Dr. Petrova joined Trillium Privateco in 2003. As Chief Development Officer, Dr. Petrova is responsible for managing our formal drug development efforts, including all outsourced activities to contract manufacturers and contract research organizations.
Eric Sievers *Senior Clinical Advisor* Washington, USA April 1, 2015	Dr. Sievers was the Chief Medical Officer of Trillium from April 1, 2015 to January 10, 2018 when he transitioned to a consulting role as Senior Clinical Advisor. He previously held several senior roles at Seattle Genetics including the Senior Vice President, Clinical Development from October 2013 to March 2015, the Vice President and Interim Chief Medical Officer from 2012 to October 2013, and Vice President, Clinical Affairs from 2011 to 2012, and Executive Medical Director from 2010 to 2011. As Chief Medical Officer, Dr. Sievers was responsible for the design and execution of our clinical and regulatory strategy.

Notes:

(1) Current member of our audit committee.
(2) Current member of our corporate governance and nominating committee.
(3) Current member of our compensation committee.

Directors are elected annually and hold office until a successor is elected at a subsequent annual meeting of the Company, unless a director's office is earlier vacated in accordance with the by-laws of the Company.

As at December 31, 2017, the directors and senior officers of the Company, as a group, beneficially owned, directly or indirectly, 150,128 common shares of the Company constituting approximately 1.14% of the issued and outstanding common shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Cease Trade Orders

To the knowledge of the Company, no director or executive officer of the Company is, or within the ten years prior to the date hereof has been, a director, chief executive officer, or chief financial officer, of any company (including the Company) that was subject to (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty consecutive days, issued while that person was acting in such capacity or issued thereafter but resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

To the knowledge of the Company, no director or executive officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in such capacity or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Company, no director or executive officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold that person's assets.

Penalties and Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

All of the above disclosure also applies to any personal holding companies of any of the persons referred to above.

CONFLICTS OF INTEREST

Certain of our officers and directors are also officers and/or directors of other companies engaged in the biotechnology industry and research business generally. As a result, situations arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. In addition, the OBCA, our governing statute, requires our officers and directors to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with the Company and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction, unless otherwise permitted under the OBCA.

LEGAL PROCEEDINGS

We are and were not a party to, and none of our property or assets are or were subject to, any material legal proceedings during the last financial year, nor to our knowledge are any such proceedings contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as provided herein, there are no material interests, direct or indirect, of directors, executive officers, any shareholders who beneficially own, or controls or directs, directly or indirectly, more than 10% of our outstanding common shares, or any known associates or affiliates of such persons, in any transaction within the last three completed financial years or during the current financial year which has materially affected or is reasonably expected to materially affect the Company.

INTEREST OF EXPERTS

Our auditors are Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario, Canada. Our consolidated financial statements as at December 31, 2017 and 2016 have been audited by Ernst & Young LLP, Independent Registered Public Accounting Firm, as indicated in their report dated March 8, 2018. Ernst & Young LLP has been the Company's auditors since inception on March 31, 2004.

Ernst & Young LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of the Institute of Chartered Accountants of Ontario) and the rules and standards of the Public Company Accounting Oversight Board (United States) and the securities laws and regulations administered by the United States Securities and Exchange Commission.

TRANSFER AGENT

Our registrar and transfer agent is Computershare Trust Company of Canada, located at 100 University Avenue, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

There are no other contracts, other than those disclosed in this AIF and those entered into in the ordinary course of our business, that are material to us and which were entered into in the last completed fiscal year or which were entered into before the most recently completed fiscal year but are still in effect as of the date of this AIF:

1. License Agreement between Trillium Privateco, UHN and HSC dated February 1, 2010 pursuant to which we licensed intellectual property relating to methods and compounds for the modulation of the SIRPα-CD47 interaction for therapeutic cancer applications. The license agreement requires us to use commercially reasonable efforts to commercialize the licensed technology. The license agreement will terminate on a country-by-country basis, in countries where a valid claim exists, when the last valid claim expires in such country, or if no valid claim exists, when the last valid claim expires in the U.S. We paid an up-front license fee of $150 and committed to pay an annual maintenance fee of $25, as well as payments on patent issuances, development milestone payments ranging from $100 to $300 on the initiation of phase I, II and III clinical trials respectively, and payments upon the achievement of certain regulatory milestones as well as royalties of either 3% or 1% of net revenues on commercial sales. The regulatory milestone payments amount to $1 million on each of the submission of a first BLA in the U.S. and receipt of first regulatory approval in the U.S. and proportionate payments in other territories worldwide. The aggregate milestones payable on their first achievement under the agreement in the major markets of the U.S., Europe and Asia combined are $5,660. Under the license agreement, Trillium is required to pay 20% of any sublicensing revenues to the licensors on the first $50,000 of sublicensing revenues, and pay 15% of any sublicensing revenues to the licensors after the first $50,000 of sublicensing revenue received.

2. GPEx®-Derived Cell Line Sale Agreement between Trillium Therapeutics Inc. and Catalent Pharma Solutions, LLC dated August 12, 2014 pursuant to which we acquired the right to use the GPEx® expression system for the manufacture of TTI-621 (SIRPαFc). Consideration for the license includes potential pre-marketing approval milestones of up to US$875 and aggregate sales milestone payments of up to US$28,750.

3. GPEx®-Derived Cell Line Sale Agreement between Trillium Therapeutics Inc. and Catalent Pharma Solutions, LLC dated August 12, 2014 pursuant to which we acquired the right to use the GPEx® expression system for the manufacture of TTI-622 (SIRPαFc). Consideration for the license includes potential pre-marketing approval milestones of up to US$875 and aggregate sales milestone payments of up to US $28,750.

4. Share purchase agreement among the Company, Fluorinov and Fluorinov shareholders dated January 26, 2016 pursuant to which we purchased all of the issued and outstanding shares in the capital of Fluorinov. See "General Development of the Business – 3 Year Summary".

5. Royalty agreement among the Company, Fluorinov and Fluorinov shareholders dated January 26, 2016 which sets out contingent future royalty payments. See the discussion in the section of this AIF entitled "General Development of the Business – 3 Year Summary".

AUDIT COMMITTEE INFORMATION

Audit Committee

The Charter of the Audit Committee is attached hereto as Schedule A. The purpose of our audit committee is to assist our Board in:

- overseeing the integrity of our financial statements and our accounting and financial reporting processes and financial statement audits;
- overseeing our compliance with legal and regulatory requirements;
- overseeing the qualifications and independence of our registered public accounting firm (independent auditor);
- overseeing the performance of our independent auditor; and
- overseeing the design, implementation and ongoing effectiveness of our systems of disclosure controls and procedures, risk management systems, internal control over financial reporting and compliance with ethical standards adopted by us.

Composition of the Audit Committee

Our audit committee is comprised of a minimum of three members, each of whom, in the determination of our board of directors, satisfies the independence, financial literacy and experience requirements of applicable U.S. and National Instrument 52- 110 *Audit Committees* (" **NI 52-110** "), rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

In particular:

- each member shall be (a) an "Independent Director," as defined in NASDAQ Stock Market Rule 5605(a)(2), and (b) "independent" within the meaning of Rule 10A-3 under the Exchange Act, and the determination of independence will be affirmatively made by our board annually, provided that our board may elect to take advantage of any exemption from such requirements provided in the rules of NASDAQ or the Exchange Act;

- each member shall meet the independence and financial literacy requirements set forth in Canadian NI 52-110;

- each member shall not have participated in the preparation of the financial statements of ours (or any then current subsidiary of ours) at any time during the past three years;

- each member shall be able to read and understand fundamental financial statements in accordance with the audit committee requirements for companies listed on NASDAQ in NASDAQ Stock Market Rule 5605(c)(2)(A)(iv); and

at least one (1) member shall, in the judgment of our board, be an "audit committee financial expert" within the meaning of such term in Item 407(d) of Regulation S-K under the United States *Securities Act of 1933* .

Our current audit committee members are Mr. Luke Beshar (chair), Dr. Henry Friesen, Dr. Helen Tayton-Martin and Dr. Robert Kirkman, each of whom is a non-executive member of our Board. Our Board has determined that each of the members of our audit committee is financially literate and has sufficient financial expertise, and is independent within the meaning of such term in the rules of NASDAQ, the SEC and Canadian provincial securities regulatory authorities. Our Board has determined that Mr. Luke Beshar is a financial expert in accordance with the rules and regulations of the SEC.

Relevant Education and Experience

The following describes the education and experience of each audit committee member that is relevant in the performance of his responsibilities as an audit committee member:

Luke Beshar, CPA - *Director, Chair of the Audit Committee*

Mr. Beshar was Executive Vice President and Chief Financial Officer of NPS Pharmaceuticals until February 2015 when the company was sold to Shire plc. He joined NPS Pharmaceuticals in 2007 and has been responsible for financial management, investor relations, information technology, technical operations, supply-chain management, facilities, project management, contracts and outsourcing and strategic and alliance management. Prior to joining NPS, Mr. Beshar served as Executive Vice President and Chief Financial Officer of Cambrex Corporation, a global life sciences company. Mr. Beshar began his career with Arthur Andersen & Co. and is a certified public accountant.

He obtained his bachelor's degree in Accounting and Finance from Michigan State University and is a graduate of The Executive Program at the Darden Graduate School of Business at the University of Virginia.

Dr. Henry Friesen - *Director*

Dr. Friesen was the President of the Canadian Government's Medical Research Council, and the architect and lead champion for the creation the Canadian Institutes for Health Research, President of the National Cancer Institute of Canada and President of the Canadian Society for Clinical Investigation. He is the Past Founding Chair of Genome Canada. A Fellow of the Royal Society of Canada, Dr. Friesen was named a Companion of the Order of Canada and was inducted into the Canadian Medical Hall of Fame in 2001 and, later the Order of Manitoba. He was also awarded the Gairdner Foundation Wightman Award, the McLaughlin Medal of the Royal Society of Canada, and the Koch Medal, the highest award of the Endocrine Society. He was presented with the Frederic Newton Gisborne Starr Award by the Canadian Medical Association, the association's highest award, in 2006. Dr. Friesen also holds eight Honorary Doctorates from Canadian universities.

Dr. Robert Kirkman *- Director*

Dr. Kirkman served as Oncothyreon's President and Chief Executive Officer from September 2006 to January 2016. From 2005 to 2006, he was acting President and Chief Executive Officer of Xcyte Therapies, which concluded a merger with Cyclacel Pharmaceuticals, both development-stage biopharmaceutical companies, in March of 2006. From 2004 to 2005, Dr. Kirkman was Chief Business Officer and Vice President of Xcyte. From 1998 to 2003, Dr. Kirkman was Vice President, Business Development and Corporate Communications of Protein Design Labs, a biopharmaceutical company. Dr. Kirkman holds a M.D. degree from Harvard Medical School and a B.A. in economics from Yale University.

Dr. Helen Tayton-Martin *- Director*

Dr. Tayton-Martin serves as the Chief Business Officer at Adaptimmune and has over 25 years of experience working within the pharma, biotech and consulting environment in disciplines across preclinical and clinical development, outsourcing, strategic planning, due diligence and business development. Dr. Tayton-Martin transitioned to become Adaptimmune's Chief Business Officer in March 2017, having served as its Chief Operating Officer since 2008, a role in which she oversaw the transition of all operations in the company from 5 to 300 staff, through transatlantic growth, multiple clinical, academic and commercial collaborations and private and public financing through to its NASDAQ IPO.

Audit Committee Oversight

Since the commencement of our most recently completed fiscal year and adoption of the audit committee charter, the Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Pre-Approval Policies and Procedures

The audit committee has adopted specific policies and procedures for the engagement of audit and non-audit services as set out in our Auditor Services Pre-Approval Policy. Pursuant to the Policy, the audit committee on an annual basis may approve the provision of a specified list of audit and permitted non-audit services that the audit committee believes to be typical, reoccurring or otherwise likely to be provided by the external auditor during the then current fiscal year. All pre-approvals granted under this Policy shall be sufficiently detailed as to the particular services being provided that it will not be necessary for management of Trillium to exercise any discretion in determining whether a particular service has been pre-approved.

In addition, pursuant to the Policy the audit committee has delegated its pre-approval authority to the Chair of the audit committee for services where the aggregate fees are estimated to be less than or equal to Cdn. $50,000. The Chair of the audit committee is required to report any such granted pre-approvals to the audit committee at its next scheduled meeting. The audit committee shall not delegate to management the audit committee's responsibilities for pre-approving audit and non-audit services to be performed by the external auditor.

Pursuant to the Policy, there is an exception to the pre-approval requirements for permitted non-audit services, provided all such services were not recognized at the time of the engagement to be non-audit services and, once recognized, are promptly brought to the attention of the audit committee and approved prior to the completion of the audit. The aggregate amount of all services approved in this manner may not constitute more than five percent of the total fees paid to the external auditor during the fiscal year in which the services are provided.

External Auditors Service Fees (By Category)

The aggregate fees billed and accrued by our external auditor in the last two fiscal years for auditor service fees were as follows:

Financial Year Ending	Audit Fees [1]	Audit Related Fees [2]	Tax Fees [3]	All Other Fees [4]
December 31, 2017	$ 296,000	Nil	$ 8,048	Nil
December 31, 2016	$ 240,000	Nil	$ 22,285	Nil

Notes:

(1) "Audit fees" are the aggregate fees billed by Ernst & Young LLP for the audit of Trillium's consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. During 2017, the services also consisted of fees related to the filing of a base shelf prospectus and a prospectus financing.

(2) "Audit-related fees" are fees charged by Ernst & Young LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Trillium's financial statements and are not reported under "Audit Fees."

(3) "Tax fees" are fees billed by Ernst & Young LLP for tax compliance and tax advice.

(4) "All other fees" are fees billed by Ernst & Young LLP for services not described above.

ADDITIONAL INFORMATION

Additional information about us may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, options to purchase securities and securities authorized for issuance under equity compensation plans, is contained in our Management Information Circular for our most recent annual meeting of shareholders. Additional information may also be found in our audited financial statements and related management's discussion and analysis for our most recently completed financial year.

SCHEDULE A

TRILLIUM THERAPEUTICS INC.

CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

POWER, AUTHORITY AND PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Trillium Therapeutics Inc. (together with its subsidiaries, the "Company") is to assist the Board in:

- Overseeing the integrity of the Company's financial statements and the Company's accounting and financial reporting processes and financial statement audits.
- Overseeing the Company's compliance with legal and regulatory requirements.
- Overseeing the qualifications and independence of the Company's registered public accounting firm (independent auditor).
- Overseeing the performance of the Company's independent auditor.
- Overseeing the design, implementation and on-going effectiveness of the Company's systems of disclosure controls and procedures, risk management systems, internal control over financial reporting and compliance with ethical standards adopted by the Company.

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time, and the rules and regulations promulgated by the Ontario Securities Commission, the Toronto Stock Exchange, the U.S. Securities and Exchange Commission ("SEC") and the NASDAQ Stock Market LLC ("NASDAQ"), as in effect from time to time. The Committee shall have the full power and authority to carry out the duties and responsibilities listed below.

While the Committee has the responsibilities and powers set forth in this charter (this "Charter"), it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for preparing the Company's financial statements, and the Company's independent auditor is responsible for auditing those financial statements.

The Committee has the authority to undertake the specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe. It is acknowledged, however, that all of the areas of oversight listed below may not be relevant to all of the matters and tasks that the Committee may consider and act upon from time to time, and the members of the Committee in their judgment may determine the relevance thereof and the attention such items will receive in any particular context.

The Committee shall have the power and authority to act independently of management, conduct investigations into any matters within its scope of responsibility, hire and obtain advice from its own outside legal, accounting or other advisors who will report solely to the Committee, set and pay the compensation for any advisors employed by the Committee and communicate directly with internal and external auditors.

Committee members and the Committee Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time, on the recommendation of the Compensation Committee.

COMPOSITION

The Committee shall be comprised of a minimum of three members, each of whom, in the determination of the Board, satisfies the independence, financial literacy and experience requirements of applicable U.S. and Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

In particular:

1. each member shall be (a) an "Independent Director," as defined in NASDAQ Marketplace Rule 5605(a)(2), and (b) "independent" within the meaning of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the determination of independence will be affirmatively made by the Board annually, provided that the Board may elect to take advantage of any exemption from such requirements provided in the NASDAQ rules or the Exchange Act;

2. each member shall meet the independence and financial literacy requirements set forth in Canadian National Instrument 52-110 *Audit Committees* and such additional criteria for independence as the Board may establish;

3. each member shall not have participated in the preparation of the financial statements of the Company (or any then current subsidiary of the Company) at any time during the past three years;

4. each member shall be able to read and understand fundamental financial statements in accordance with the audit committee requirements for companies listed on NASDAQ in NASDAQ Marketplace Rule 5605(c)(2)(A)(iv); and

5. at least one (1) member shall, in the judgment of the Board, be an "audit committee financial expert" within the meaning of such term in Item 407(d) of Regulation S-K of the SEC.

The chairperson of the Committee (the "Chair") will be appointed by the Board on the recommendation of the Corporate Governance and Nominating Committee and will serve at the discretion of the Board, and all members will serve at the pleasure of the Board, continuing as a member of the Committee until resignation or replacement. The Board may fill vacancies on the Committee by appointment, on the recommendation of the Corporate Governance and Nominating Committee, from qualified members of the Board.

The designation of the Chair shall occur annually at the first meeting of the Board after a meeting of shareholders at which Directors are elected. If the Chair is not so designated, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

COMMITTEE FUNCTION AND PROCESS

The Committee will meet at least once each fiscal quarter. The Committee may establish its own schedule and call additional meetings as it deems necessary to fulfill its responsibilities. The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. A majority of the Committee members, but not less than two, shall constitute a quorum. Committee meetings may be attended in person or by telephone or video conferencing or any other electronic means of communication as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests. The Committee may take action by unanimous written consent when deemed necessary or desirable by the Committee or its Chair, subject to the requirements of any applicable law, regulation or rule.

Committee members may raise any subjects that are not set on the agenda by the Committee Chair. Each regularly scheduled meeting will conclude with an executive session of the Committee absent members of management.

The Committee will meet separately with the Chief Executive Officer and the Chief Financial Officer at such times as it deems appropriate to review the financial affairs of the Company. The Committee will meet separately with the independent auditor and without management present, at such times as it deems appropriate, but not less than quarterly, to fulfill the responsibilities of the Committee under this Charter.

The independent auditor shall receive notice of each meeting of the Committee and shall be entitled to attend and be heard at any such meeting at the Company's expense.

The Committee shall maintain copies of minutes of each meeting and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee. After approval, the minutes shall be signed by the Chair or Secretary of the meeting and a copy of the minutes and all consents shall be placed in the Company's minute book.

The Committee will summarize its examinations and recommendations to the Board as may be appropriate, consistent with this Charter.

ROLE OF THE CHAIR

The Chair's primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and that its organization and mechanisms are in place and working effectively. More specifically, the Chair shall:

1. chair meetings of the Committee;

2. in consultation with the Chair of the Board, the members, and the Chief Financial Officer, set the agendas for the meetings of the Committee;

3. in collaboration with the Chair of the Board, the Chief Executive Officer, and the Chief Financial Officer, ensure that agenda items for all Committee meetings are ready for presentation and that adequate information is distributed to members in advance of such meetings in order that members may properly inform themselves on matters to be acted upon;

4. assign work to members;

5. act as liaison and maintain communication with the Chair of the Board and the Board to optimize and co- ordinate input from directors, and to optimize the effectiveness of the Committee; and

6. provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate.

DUTIES AND RESPONSIBILITIES

The Committee shall:

1. Be responsible for overseeing the design, implementation and on-going effectiveness of policies and procedures for providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

2. Periodically review the adequacy and effectiveness of the Company's system of internal control over financial reporting and disclosure controls and procedures, by meeting with the Company's management, the independent auditor and the Chair of the Disclosure Committee to review the adequacy and effectiveness of such controls; and review before its release the disclosure regarding such system of internal control and disclosure controls required to be contained in the Company's periodic filings and the attestations or reports by the independent auditor relating to such disclosure.

3. Review with the chief executive officer, the chief financial officer, and the independent auditor: (i) all significant deficiencies and material weaknesses in the design or operation of the Company's internal controls that could adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits with applicable securities regulators within the required time periods, and (ii) any fraud, whether or not material, that involves management of the Company or other employees who have a significant role in the Company's internal controls.

4. Be directly responsible, in its capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for the selection, nomination, retention, termination and oversight of the work of any independent auditor (including the resolution of disagreements between management and the independent auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Committee shall recommend to the Board the independent auditor to be nominated for approval by the shareholders and the compensation of the independent auditor. Each such independent auditor shall report directly to the Committee.

5. Pre-approve all audit services to be provided to the Company by the independent auditor, and pre-approve, or establish policies and procedures for the review and pre-approval of all permitted non-audit services to be provided to the Company by the independent auditor.

6. Review and provide guidance with respect to the external audit and the Company's relationship with its independent auditor by (a) reviewing the independent auditor's proposed audit plan (including scope, fees and schedule), approach and independence; (b) obtaining on a periodic basis, but no less frequently than annually, a formal written statement from the independent auditor delineating all relationships between the independent auditor and the Company concerning auditor independence; being actively engaged in dialogue with the independent auditor with respect to any disclosed relationship or services with the Company that may impact the objectivity and independence of the independent auditor, presenting this statement to the Board, and to the extent there are relationships, monitoring and investigating them; (c) taking, or recommending to the Board to take, appropriate action to oversee the independence of the independent auditor; (d) reviewing any publicly available inspection report on the independent auditor issued by the Public Company Accounting Oversight Board or the Canadian Public Accountability Board; (e) discussing with the Company's independent auditor the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management; (f) reviewing with both management and the independent auditor the appropriateness and acceptability of the Company's critical accounting policies and any proposed changes thereto; and (g) reviewing reports submitted to the audit committee by the independent auditor in accordance with the applicable regulatory requirements.

7. Review any problems experienced by the independent auditor in performing audits.

8. Review and discuss with management and the independent auditor, and approve the annual audited financial statements and quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to filing with regulatory authorities.

9. Recommend to the Board the approval and filing of the annual audited financial statements.

10. Periodically review and discuss with the Chair of the Disclosure Committee the disclosures contained in the Company's filings with the regulatory authorities prior to filing and the processes and procedures followed to ensure the accuracy of such disclosure.

11. Direct the Company's independent auditor to review before filing with all regulatory authorities the Company's interim financial statements, using professional standards and procedures for conducting such reviews.

12. Review all material written communications between the independent auditor and management, including post audit or management letters containing recommendations of the independent auditor, management's response and follow up with respect to the identified weaknesses.

13. Review before release any press release including annual and quarterly results or forecasts.

14. Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (including, without limitation, the use of "pro forma" or non-GAAP financial information), other than the public dissemination referred to in the foregoing paragraph, and periodically assess the adequacy of those procedures.

15. Oversee compliance with the regulatory requirements for disclosure of auditor's services and audit committee members, member qualifications and activities.

16. Review and reassess the adequacy of the Whistleblower Policy, the Auditor Services Pre-Approval Policy, and the Corporate Disclosure and Confidentiality Policy on at least an annual basis and recommend any proposed changes to the Board for approval.

17. Review, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements.

18. Engage, as appropriate, outside legal, accounting and other advisors, with (a) the authority to retain such counsel or other advisors as the Committee may deem appropriate in its sole discretion, and (b) the sole authority to determine funding, approve fees and retention terms for such counsel and advisors.

19. Review and approve in advance any proposed related-party transactions, and report any such transactions to the Board.

20. Review and reassess the adequacy of the Audit Committee charter, structure, processes and membership requirements on at least an annual basis and recommend any proposed changes to the Board for approval.

21. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

22. Review, approve and monitor the Company's investment policy, investment portfolio, cash management objectives, and exposure to market risk.

23. Review the effectiveness of the Company's risk management system to assure that material risks are identified and appropriate risk management processes are in place.

24. Review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

25. Review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with the Company's business, all alternative treatments of financial information with generally accepted accounting principles that have been discussed with management, the material assumptions made by management relating to them and their effect on the Company's financial statements.

26. Periodically review the Company's practices to maintain the security of its information technology systems.

27. Ensure the regular rotation of the lead audit partner, the concurring partner and other audit partners engaged in the Company's annual audit to the extent required by applicable law.

28. Perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

29. Establish, or review and approve, in accordance with applicable law, hiring policies for partners, employees or former partners and employees of the present and former independent auditor and oversee the hiring of any personnel from the independent auditor into positions within the Company.

30. Obtain assurance from the independent auditor that disclosure to the Committee is not required pursuant to the provisions of the Exchange Act regarding the discovery of illegal acts by the independent auditor.

31. Review management's processes in place to prevent and detect fraud.

32. Review policies and practices with respect to off-balance sheet transactions and trading and hedging activities, and consider the results of any review of these areas by the independent auditor.

33. Review with the chief executive officer and the chief financial officer their certifications required to be included in periodic reports filed with securities regulators.

34. Perform any other activities consistent with this Charter, the Company's bylaws and governing laws that the Board or the Committee determines are necessary or appropriate.

DELEGATION OF AUTHORITY

The Committee may, in accordance with law, delegate to one or more independent members of the Committee the authority to pre-approve audit and permitted non-audit services, provided that such pre-approval decision is presented to the full Committee at its first scheduled meeting following such pre-approval.

RESOURCES AND ADDITIONAL AUTHORITY OF THE COMMITTEE

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities in accordance with this Charter. Without limiting the generality of the foregoing, (i) the Committee shall have the authority to retain or obtain advice and counsel from legal or other advisors, including legal counsel or other advisors; (ii) the Committee shall be directly responsible for the appointment, compensation and oversight of the work of any legal counsel and other advisors retained by the Committee, and in connection therewith, the Committee shall have the sole authority to approve the advisors' or counsels' fees and other retention terms; and (iii) subject to such funding either being included in an annual budget of the Company or otherwise being approved by the Board, the Company shall provide appropriate funding, for payment of (A) compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (B) compensation to any legal counsel or other advisors retained by the Committee; and (C) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

Dated: March 8, 2018

2488 Dunwin Drive
Mississauga, Ontario, L5L 1J9
www.trilliumtherapeutics.com

ABOUT THIS MANAGEMENT'S DISCUSSION AND ANALYSIS

All references in this management's discussion and analysis, or MD&A to "the Company", "Trillium", "we", "us", or "our" refer to Trillium Therapeutics Inc. and the subsidiaries through which it conducts its business, unless otherwise indicated or the context requires otherwise.

The following MD&A is prepared as of March 8, 2018 for Trillium Therapeutics Inc. for the years ended December 31, 2017 and 2016, and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2017 and 2016, which have been prepared by management in accordance with International Financial Reporting Standards, or IFRS as issued by the International Accounting Standards Board, or IASB. Our IFRS accounting policies are set out in note 3 of the annual audited consolidated financial statements for the years ended December 31, 2017 and 2016. All amounts are in thousands of Canadian dollars, except per share amounts and unless otherwise indicated. References to "U.S. $" are to United States dollars.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate", "believe", "expect", "estimate", "may", "will", "could", "leading", "intend", "contemplate", "shall" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- our expected future loss and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our requirements for, and the ability to obtain, future funding on favorable terms or at all;
- our projections for the SIRPαFc development plans and progress of each of our products and technologies, particularly with respect to the timely and successful completion of studies and trials and availability of results from such studies and trials;
- our expectations about our products' safety and efficacy;
- our expectations regarding our ability to arrange for and scale up the manufacturing of our products and technologies;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory approval process;
- our expectations about the timing of achieving milestones and the cost of our development programs;
- our observations and expectations regarding the relative low binding of SIRPαFc to red blood cells, or RBCs compared to anti-CD47 monoclonal antibodies and proprietary CD47-blocking agents and the potential benefits to patients;
- our ability to intensify the dose of TTI-621 with the goal of achieving increased blockade of CD47;
- our plans to market, sell and distribute our products and technologies;
- our expectations regarding the acceptance of our products and technologies by the market;
- our ability to retain and access appropriate staff, management and expert advisers;
- our expectations about the differentiated nature and potential for best-in-class product development programs and discovery research capabilities of Fluorinov Pharma Inc., or Fluorinov;
- our ability to generate future product development programs with improved pharmacological properties and acceptable safety profiles using Fluorinov technology;
- our expectations about whether various clinical and regulatory milestones with an existing Fluorinov compound will be achieved;
- our expectations of the final quantum and form of any future contingent milestone payments related to the Fluorinov acquisition;
- our expectations of the ability to secure the requisite approvals (including approvals from the Toronto Stock Exchange, or TSX, and the NASDAQ Capital Market, or NASDAQ) with respect to the issuance of any common shares in satisfaction of future milestone payments;

- our ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- our strategy to acquire and develop new products and technologies and to enhance the safety and efficacy of existing products and technologies;
- our expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us in respect of such arrangements; and
- our strategy with respect to the protection of our intellectual property.

All forward-looking statements reflect our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management's expectations regarding future activities, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, known and unknown, that contribute to the possibility that the predictions, forecasts, projections or other forward-looking statements will not occur. In evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "Risk Factors" in this MD&A. Some of these risks and assumptions include, among others:

- substantial fluctuation of losses from quarter to quarter and year to year due to numerous external risk factors, and anticipation that we will continue to incur significant losses in the future;
- uncertainty as to our ability to raise additional funding to support operations;
- our ability to generate product revenue to maintain our operations without additional funding;
- the risks associated with the development of our product candidates which are at early stages of development;
- reliance on third parties to plan, conduct and monitor our preclinical studies and clinical trials;
- our product candidates may fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or may not otherwise produce positive results;
- risks related to filing Investigational New Drug applications, or INDs, to commence clinical trials and to continue clinical trials if approved;
- the risks of delays and inability to complete clinical trials due to difficulties enrolling patients;
- competition from other biotechnology and pharmaceutical companies;
- our reliance on the capabilities and experience of our key executives and scientists and the resulting loss of any of these individuals;
- our ability to fully realize the benefits of acquisitions;
- our ability to adequately protect our intellectual property and trade secrets;
- our ability to source and maintain licenses from third-party owners;
- the risk of patent-related litigation; and
- our expectations regarding our status as a passive foreign investment company, or PFIC,

all as further and more fully described under the heading "Risk Factors" in this MD&A.

Although the forward-looking statements contained in this MD&A are based upon what our management believes to be reasonable assumptions, we cannot assure readers that actual results will be consistent with these forward-looking statements.

Any forward-looking statements represent our estimates only as of the date of this MD&A and should not be relied upon as representing our estimates as of any subsequent date. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by securities legislation.

BUSINESS

Overview

We are a clinical stage immuno-oncology company developing innovative therapies for the treatment of cancer. Our lead program, TTI-621, is a SIRPαFc fusion protein that consists of the extracellular CD47-binding domain of human signal regulatory protein alpha, or SIRPα, linked to the Fc region of a human immunoglobulin G1, or IgG1. It is designed to act as a soluble decoy receptor, preventing CD47 from delivering its inhibitory ("do not eat") signal. Neutralization of the inhibitory CD47 signal enables the activation of macrophage anti-tumor effects by pro-phagocytic ("eat") signals. The IgG1 Fc region of TTI-621 may also assist in the activation of macrophages by engaging Fc receptors. Two Phase I clinical trials evaluating TTI-621 are ongoing. We are also developing a second SIRPαFc fusion protein, TTI-622. TTI-622 consists of the extracellular CD47-binding domain of human SIRPα linked to a human immunoglobulin G4, or IgG4 Fc region, which has a decreased ability to engage Fc receptors than an IgG1 Fc. We plan to initiate a Phase I clinical trial in 2018. Both SIRPαFc fusion proteins enable CD47 blockade with different levels of Fc receptor engagement on macrophages and thus may find unique applications.

We also have a proprietary medicinal chemistry platform, using unique fluorine chemistry, which permits the creation of new chemical entities with improved pharmacological properties from validated drugs and drug candidates. Our most advanced preclinical program stemming from this platform is an epidermal growth factor receptor, or EGFR antagonist with increased uptake and retention in the brain. In addition, a number of compounds directed at undisclosed immuno-oncology targets are currently in the discovery phase.

Our Strategy

Our goal is to become a leading innovator in the field of oncology by targeting immune-regulatory pathways that tumor cells exploit to evade the host immune system.

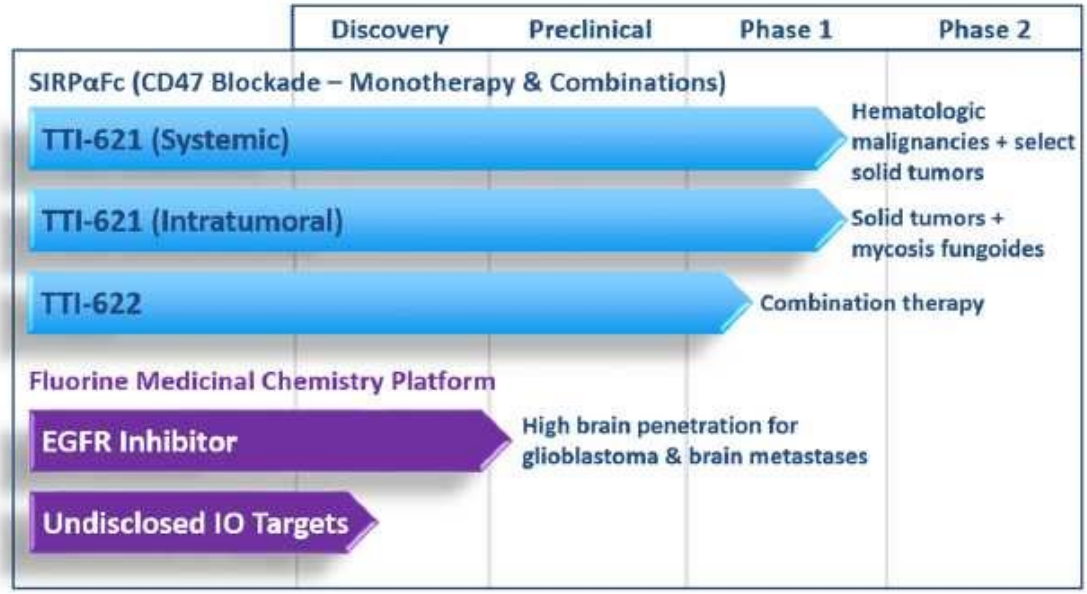
- ***Rapidly advance the clinical development of TTI-621*** . We are enrolling patients with advanced hematologic malignancies in the Phase Ib expansion phase of our first-in-human clinical trial of TTI-621 administered by intravenous infusion. We are also enrolling patients in our second Phase I clinical trial with intratumoral injection of TTI-621 in percutaneously accessible solid tumors and mycosis fungoides/Sézary syndrome.

- ***Expand our TTI-621 clinical program to include additional cancer indications*** . Because CD47 is highly expressed by multiple liquid and solid tumors, and high expression is correlated with worse clinical outcomes, we believe SIRPαFc has potential to be effective in a variety of cancers. Our clinical development plans include a broad approach for the treatment of hematological malignancies, where we hope to identify one or more indications where TTI-621 may provide clinical benefit and then move rapidly to focused development programs for those indications. We have also expanded our trials to include combination treatment cohorts. We have employed a more targeted approach with solid tumors, focusing on intratumoral injection.

- ***Maximize value of SIRP α Fc through advancement of TTI-622*** . We plan to begin testing TTI-622 in a Phase I clinical trial this year. We expect to develop TTI-622 for combination therapy treatment where we believe it may have an advantage over competing IgG4-based antibodies due to its expected lack of RBC binding.

- ***Build a pipeline of novel oncology products using our proprietary medicinal chemistry platform*** . We have several preclinical and discovery stage assets developed using our proprietary fluorine chemistry platform. We plan to advance these novel oncology products for internal development or out-license.

Our Product Candidates



SIRP α Fc

Blocking the CD47 "do not eat" signal using a SIRP α Fc decoy receptor

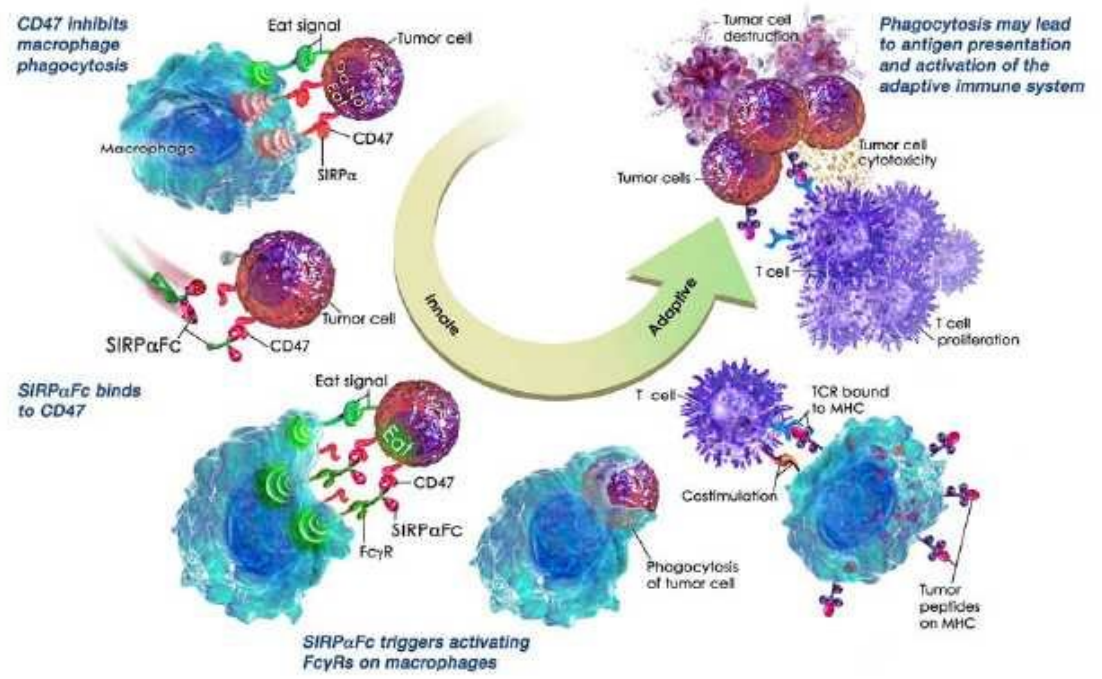
The immune system is the body's mechanism to identify and eliminate pathogens, and can be divided into the innate immune system and the adaptive immune system. The innate immune system is the body's first line of defense to identify and eliminate pathogens and consists of proteins and cells, such as macrophages, that identify and provide an immediate response to pathogens. The adaptive immune system is activated by, and adapts to, pathogens, creating a targeted and durable response. Cancer cells often have the ability to reduce the immune system's ability to recognize and destroy them.

Macrophages are a type of white blood cell that can ingest and destroy (phagocytose) other cells. Macrophage activity is controlled by both positive "eat" and negative "do not eat" signals. Recently, a role for macrophages in the control of tumors has been described. Tumor cells may express "eat" signals (e.g., calreticulin) that make themselves visible to macrophages. To counterbalance this increased visibility the tumor cells often express high levels of CD47, which transmits a "do not eat" signal by binding SIRPα on the surface of macrophages. We believe that the higher expression of CD47 on the tumor cell helps it evade destruction by the macrophage by overwhelming any activating "eat" signals.

Our lead program, TTI-621, is a novel SIRPαFc fusion protein that harnesses the innate immune system by blocking the activity of CD47. TTI-621 is a protein that consists of the CD47-binding domain of human SIRPα linked to the Fc region of IgG1. It is designed to act as a soluble decoy receptor, preventing CD47 from delivering its inhibitory signal. Neutralization of the inhibitory CD47 signal enables the activation of macrophage anti-tumor effects by the pro-phagocytic "eat" signals. The IgG1 Fc region of TTI-621 may also assist in the activation of macrophages by engaging Fc receptors. A second SIRPαFc fusion protein, TTI-622, is entering Phase I in the first half of 2018. TTI-622 consists of the same CD47-binding domain of human SIRPα and is linked to the Fc region of IgG4. The IgG4 Fc region of TTI-622 is expected to have a decreased ability to engage activating Fc receptors compared to an IgG1 Fc.

In addition to their direct anti-tumor activity, macrophages can also function as antigen-presenting cells and stimulate antigen-specific T cells. Thus it is possible that increasing tumor cell phagocytosis after SIRPαFc exposure may result in enhanced adaptive immunity. In support of this, CD47 antibody blockade has been recently shown to augment antigen presentation and prime an anti-tumor cytotoxic T cell response in immune-competent mice. In 2016, we presented data demonstrating that TTI-621 can augment antigen-specific T cell responses in vitro. CD47 blockade has also been reported to promote tumor-specific T cell responses through a dendritic cell-based mechanism, although the effect of SIRPαFc on dendritic cells is currently unknown.

The figure below illustrates how SIRPαFc blocks the CD47 "do not eat" signal and engages activating Fc receptors on macrophages, leading to tumor cell phagocytosis, increased antigen presentation and enhanced T cell responses.



By inhibiting the CD47 "do not eat" signal, we believe SIRPαFc has the ability to promote the macrophage-mediated killing of tumor cells in a broad variety of cancers both as a monotherapy and in combination with other immune therapies. Both SIRPαFc fusion proteins enable CD47 blockade with different levels of Fc receptor engagement on macrophages and thus may find unique applications.

We believe that SIRPαFc has broad clinical potential in both hematological and solid tumors. High expression of the CD47 "do not eat" signal on tumor cells has been observed in acute myeloid leukemia, or AML, myelodysplastic syndrome, or MDS, chronic myeloid leukemia, or CML, acute lymphoblastic leukemia, or ALL, diffuse large B cell lymphoma, or DLBCL, chronic lymphocytic leukemia, or CLL, follicular lymphoma, mantle cell lymphoma, marginal zone lymphoma, multiple myeloma and in solid tumors including: bladder, brain, breast, colon, leiomyosarcoma, liver, melanoma, ovarian and prostate. In a number of these cancers high CD47 expression was shown to have negative clinical consequences, correlating with more aggressive disease and poor survival. In normal karyotype AML patients, for example, high CD47 expression was correlated with worse event-free survival (6.8 vs. 17.1 months) and worse overall survival (9.1 vs. 22.1 months) compared to low CD47 expression. These data are consistent with CD47 providing a survival advantage to tumor cells.

In vitro studies with primary tumor samples obtained from AML, MDS, multiple myeloma, B cell-ALL and T cell-ALL demonstrated that SIRPαFc frequently triggered significant macrophage-mediated tumor cell phagocytosis compared to control treatment. Similar results were observed with tumor cell lines established from patients with B cell lymphoma and CML.

In vivo studies have demonstrated that TTI-621 exhibits anti-tumor activity in xenograft models of AML, Burkitt lymphoma and DLBCL. These results are supported by numerous studies demonstrating that antibody blockade of CD47 has activity against a range of tumor xenografts.

SIRP α Fc Key Attributes

- ***Potential efficacy in a broad range of cancers*** . SIRPαFc blocks the tumor's ability to transmit a "do not eat" signal allowing macrophages to destroy tumor cells; a mechanism that we believe could have broad applicability.

- ***Potential for use as a monotherapy and in combination with other therapies*** . We intend to develop our products as monotherapies as well as potentially for use in combination with other cancer immuno- therapies.

- ***May enhance both innate and adaptive immune response*** . SIRPαFc may enhance stimulation of tumor attacking T cells since macrophages, in addition to their role in phagocytosis, can also prime T cells through antigen presentation.

SIRP α Fc Clinical Development – TTI-621

We are enrolling patients with advanced hematologic malignancies in a Phase Ib clinical trial. This two-part clinical trial was designed as a multi-center, open-label Phase Ia/Ib trial, evaluating TTI-621 as a single agent in patients with relapsed or refractory hematologic malignancies. During the dose escalation phase the safety, tolerability, pharmacokinetics and pharmacodynamics were characterized to determine the optimal dose for subsequent enrollment in the expansion phase. To characterize potential changes in hematologic parameters that might occur with blockade of CD47, the dose escalation portion of the Phase I trial included lymphoma patients with relatively normal hematologic parameters and acceptable marrow function. In November 2016, a reasonably well-tolerated dose and schedule of SIRPαFc was established in the dose escalation phase, and now, safety and antitumor activity are being examined in expansion cohorts with advanced hematologic malignancies including indolent B cell lymphoma, aggressive B cell lymphoma, T cell lymphoma, Hodgkin lymphoma, CLL, multiple myeloma, AML, B cell-ALL, T cell-ALL, MDS and myeloproliferative neoplasms. We also have a solid tumor cohort of small cell lung cancer patients being treated with monotherapy. In two combination drug cohorts, TTI-621 is being administered in combination with rituximab for patients with CD20-positive lymphomas, and in combination with the PD-1 checkpoint inhibitor nivolumab in patients with Hodgkin lymphoma.

Data from the ongoing expansion phase were reported at the American Society of Hematology 59 th Annual Meeting in December 2017. Weekly infusions of TTI-621 were shown to be well tolerated, and notably, transient thrombocytopenia was attenuated after the first dose. These data, combined with the previously reported results from the dose escalation phase, demonstrate a favorable safety profile of intravenous TTI-621 in over 100 patients. Intravenous administration of TTI-621, particularly in combination with rituximab, resulted in objective responses in 5 out of 18 evaluable patients with heavily pre-treated, relapsed/refractory DLBCL, and several others experienced prolonged progression-free intervals. Furthermore, preliminary experience indicates that patients can be safely dose intensified beyond 0.2 mg/kg.

In our second multi-center, open-label Phase I trial, TTI-621 is being delivered by intratumoral injection in patients with relapsed and refractory, percutaneously-accessible cancers. In the escalation phase, patients were enrolled in sequential dose cohorts to receive intratumoral injections of TTI-621 that increase in dose and dosing frequency to characterize safety, pharmacokinetics, pharmacodynamics and preliminary evidence of antitumor activity. In addition, detailed evaluation of serial, on-treatment tumor biopsies of both injected and non-injected cancer lesions will help characterize tumor microenvironment changes anticipated with CD47 blockade. Preliminary data from the escalation phase were reported the American Society of Hematology 59 th Annual Meeting in December 2017. Intratumoral injection was well tolerated, with no dose-limiting toxicity observed. A rapid reduction in CAILS scores, which measures local lesion responses, was observed in 9 out of 10 mycosis fungoides patients and a reduction in circulating leukemic Sézary cells was observed in 3 out of 3 patients. Several patient profiles were presented which demonstrate clinical responses in disfiguring lesions, in some cases after a single dose of TTI-621. Collectively, the data demonstrate that cutaneous T-cell lymphoma (CTCL) appears biologically responsive to intratumoral injections of TTI-621. Patients are currently being enrolled in the expansion phase of the trial in which they receive 10 mg TTI-621 three times per week for two weeks followed by weekly dosing, to further characterize safety and efficacy. In addition, patients may receive intratumoral TTI-621 in combination with other anti-cancer therapies (anti-PD-1 or anti-PD-L1, pegylated interferon α2a, talimogene laherparepvec or radiation).

SIRP α Fc Clinical Development – TTI-622

A second SIRPαFc fusion protein, TTI-622, is in preclinical development. TTI-622 consists of the same extracellular CD47-binding domain of human SIRPα as TTI-621 but has a different Fc region (IgG4 Fc instead of IgG1 Fc) and is thus anticipated to have a different pharmacologic profile and enable greater exposures in patients than TTI-621. TTI-622 does not bind RBCs, like TTI-621, and we believe that this property could give TTI-622 best-in-class status among IgG4-based blocking agents currently in development. We plan to begin recruiting patients into a Phase I clinical trial in the first half of 2018, with the goal of rapidly advancing this agent into combination studies.

SIRP α Fc Competition

There are a number of companies developing blocking agents to the CD47-SIRPα axis, which can be broadly classified into four groups:

- ***CD47-specific antibodies*** : Forty-Seven Inc. (Phase I), Celgene Corporation (Phase I), Surface Oncology (preclinical), and Arch Oncology (preclinical)
- ***CD47 bispecific antibodies*** : Novimmune SA (CD47/CD19 bispecific antibody, preclinical) and Hummingbird BioSciences (preclinical)
- ***Mutated high affinity SIRP α Fc*** : Alexo Therapeutics (Phase I)
- ***SIRP α -specific antibody*** : OSE Immunotherapeutics (preclinical)

We believe that our SIRPαFc fusion proteins have several advantages over competitor products, which are summarized in the table below.

Competitor Class	Potential Advantages of Trillium's SIRP α Fcs
CD47-specific antibody	Trillium's SIRPαFcs do not bind RBCs. IgG1 isotype of TTI-621 may confer greater potency than IgG4-based antibodies.
CD47 bispecific antibody	Bispecific is limited to tumors that express both target antigens. SIRPαFc may have more broad applicability.
Mutated high affinity SIRPαFc (inactive Fc)	Our SIRPαFcs do not bind RBCs. Our SIRPαFc fusion proteins, which are based on wild type sequences, are less likely to be immunogenic than mutated SIRPα. IgG1 isotype of TTI-621 and IgG4 isotype of TTI-622 may confer greater potency than mutated SIRPα linked to an inactive Fc.
SIRPα-specific antibody	SIRPα-specific antibodies bind macrophages and generally do not bind tumors. We believe that targeting the tumor cell directly using SIRPαFc is more likely to generate effective anti-tumor responses.

We have demonstrated that our SIRPαFc fusion proteins exhibit minimal binding to RBCs in contrast to CD47-specific antibodies and a mutated high affinity SIRPαFc. We believe that this property confers several possible advantages including avoidance of drug-induced anemia, avoidance of the "antigen sink effect" (i.e., removal of drug from circulation by RBCs) and non-interference with laboratory blood typing tests. It should be noted that TTI-622 shares the same CD47-binding domain as TTI-621 and preclinical studies have shown that it also exhibits minimal binding to human RBCs. Thus, we anticipate that TTI-622, like TTI-621, will not induce anemia in patients.

Combination Therapy

We believe that SIRPαFc enhancement of macrophage activity, and possibly T cell responses, could be synergistic with other immune-mediated therapies. Published studies conducted by third parties provide evidence that SIRPαFc may be useful in combination with approved anti-cancer antibodies (e.g. Rituxan®, Herceptin®, Campath®, and Erbitux®). Since many cancer antibodies work at least in part by activating cells of the innate immune system, it may be possible to enhance the potency of these agents by blocking the negative "do not eat" CD47 signal that tumor cells deliver to macrophages. We hypothesize that SIRPαFc may act synergistically with other immunological agents, including T cell checkpoint inhibitors (e.g. pembrolizumab and nivolumab), cancer vaccines, oncolytic viruses or chimeric antigen receptor, or CAR T cells.

Fluorine Chemistry Platform

Our medicinal chemistry platform uses proprietary fluorine-based chemistry to modify specific properties of validated drug candidates to yield new chemical entities. We believe the potency and/or safety of both existing pharmacophores and historically inaccessible chemical structures may be enhanced using our technology. This chemistry platform has been utilized to establish two preclinical programs, an EGFR inhibitor and a bromodomain and extra-terminal, or BET bromodomain inhibitor, and a number of compounds directed at undisclosed immuno-oncology targets are currently in the discovery phase.

EGFR Inhibitor (TTI-2341)

A combination of molecular design, novel fluorine-based chemical synthesis, and extensive biological testing led to the identification of TTI-2341, a novel brain-penetrant, second generation, covalent EGFR inhibitor. EGFR is a validated drug target in oncology but the use of EGFR inhibitors has been limited by two factors. First, toxicities can arise from indiscriminate reactivity with off-target proteins. Second, the low central nervous system, or CNS penetration of existing EGFR inhibitors limits their use for CNS indications such as glioblastoma multiforme and brain metastasis from lung cancer. The incorporation of fluorine into small molecules is known to minimize the formation of highly reactive metabolites and improve blood brain barrier, or BBB penetration and thus this strategy has the potential to overcome the major limitations of existing EGFR inhibitors.

We have benchmarked TTI-2341 against a second- and third-generation EGFR inhibitor (both approved for the treatment of non-small cell lung cancer). This comparison included measurements of BBB penetration, as well as retention and the ratio of free to bound drug in the brain. We are currently evaluating different options for TTI-2341 development, including possible partnerships.

BET Bromodomain Inhibitor (TTI-281)

Bromodomains recognize and bind to DNA-associated proteins that have been epigenetically modified. These "epigenetic readers" act as scaffolds for the recruitment of proteins involved in the initiation of gene expression. Bromodomain-containing proteins regulate genes that play roles in proliferation, cell cycle progression and apoptosis. Members of the BET subfamily have been implicated in controlling the transcription of c-Myc, a proto-oncogene that contributes to the pathogenesis of many cancers but has proven to be difficult to target pharmacologically.

TTI-281 selectively binds the BET proteins BRD2, BRD3 and BRD4 and is two- to six-fold more potent than a leading bromodomain inhibitor. It is strongly cytotoxic to AML cells but not to normal hematopoietic cells, and reversibly suppresses the expression of c-Myc. TTI-281 has demonstrated oral efficacy in xenograft models of human leukemia and myeloma. We have completed our planned preclinical development program for TTI-281. We believe that TTI-281 represents a unique opportunity to reduce the expression of c-Myc, and are seeking a partner for further development of TTI-281.

Other Developments

Acquisition of Fluorinov

On January 26, 2016, we acquired all the outstanding shares of Fluorinov, a privately-held oncology company that has developed a proprietary medicinal chemistry platform using unique fluorine chemistry, which permits the creation of new chemical entities from validated drugs and drug candidates with improved pharmacological properties, potentially leading to increased safety and efficacy. We expect Fluorinov's fluorine-based chemistry platform will provide us with an internal drug discovery engine. Fluorinov's preclinical pipeline of oncology assets included potent, orally-available, bromodomain and proteasome inhibitors, and EGFR antagonists with increased uptake in the brain.

We anticipate that future cancer treatments will be dominated by combination therapies that may often involve combining biologics and small molecules. The acquisition of our own small molecule platform with opportunity for oral drug delivery may provide us with new drug candidates that we may either develop in-house or out-license. According to Wang et al. Chem Rev. 2014, 114 (4), approximately 25% of all marketed drugs contain fluorine. The benefits of fluorine include blocking sites of metabolism to increase drug half-life and reduce toxicity, lipophilicity that improves oral absorption and BBB penetration, and electronegativity that alters chemical properties to improve binding and potency. We believe that the Fluorinov acquisition reduces the risks to which we are subject and diversifies us for the longer term.

The upfront consideration for Fluorinov was $10,000 less the working capital deficiency of $134. We may also incur up to $35,000 of future payments contingent on us achieving certain clinical and regulatory milestones with an existing Fluorinov compound. The amount of contingent consideration recognized by us as of the acquisition date was $1,750 and has been classified as other liabilities on the consolidated statement of financial position. The fair value of the contingent consideration was calculated using a discounted cash flow approach, where a risk-adjusted discount rate was applied to future cash flows. We also have an obligation to pay royalty payments on future sales of such compounds.

At our discretion, up to 50% of the future contingent payments can be satisfied through the issuance of our common shares, provided that the aggregate number of common shares issuable under such payments will not exceed 1,558,447 common shares unless shareholder approval has first been obtained. In addition, any such future share issuance remains subject to final approval from our board of directors and receipt of any requisite approvals under the applicable rules of the TSX and NASDAQ. We have also committed to use commercially reasonable efforts to monetize Fluorinov's CNS assets and share 50% of the net proceeds with Fluorinov shareholders.

The acquisition of Fluorinov was considered a related party transaction as two of our directors were determined to be related parties of Fluorinov. One director was a director of Fluorinov and had an ownership position in Fluorinov at the time of acquisition of less than 2%, and the second director was a director of an entity that was a beneficiary of a trust that was a shareholder and debenture holder of Fluorinov. The two directors declared their conflict of interest and abstained from all discussions and decisions concerning the Fluorinov acquisition. Accordingly, we determined that the consideration paid on the acquisition was made on terms equivalent to those that prevail in arm's length transactions.

Collaboration with University Health Network and the Hospital for Sick Children

We entered into a collaboration agreement with University Health Network, or UHN, and the Hospital for Sick Children, or HSC, to fund and undertake a research program entitled "SIRPαFc: Translating Genomics Research Into a Novel Cancer Immunotherapy." This project was approved for funding by Genome Canada under the Genomic Applications Partnership Program. In addition, The Ontario Ministry of Research and Innovation is supporting the project with a grant matching Genome Canada's contribution, providing the collaboration with a 3-year budget of approximately $3,400. This matching funding is allowing us to expand our translational research efforts, focusing primarily on AML. Our contribution to the overall budget of this program is $886 in cash and $478 in kind over three years.

Plan of Operations

Our primary focus is the advancement of our Phase I clinical trial of SIRPαFc in patients with advanced hematologic malignancies and our Phase I clinical trial in patients with relapsed and refractory, percutaneously-accessible cancers to identify one or more cohorts of patients that respond to TTI-621 treatment. We plan further focused clinical development of promising indications. We continue to advance our combination treatment strategy incorporating combination treatment cohorts in our TTI-621 clinical trials and our TTI-622 Phase I trial is on track to begin recruiting patients in the first half of 2018.

We continue to advance our small molecule program in internal development and pursue partnering activities.

Legal Proceedings

To our knowledge, there have not been any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, those involving any third party, and governmental proceedings pending or known to be contemplated, which may have, or have had in the recent past, significant effect on our financial position or profitability.

Also, to our knowledge, there have been no material proceedings in which any director, any member of senior management, or any of our affiliates is either a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

RESULTS OF OPERATIONS

For the three months and years ended December 31, 2017 and 2016

Overview

Since inception, we have incurred losses while advancing the research and development of our products. Net loss for the year ended December 31, 2017 of $45,088 was higher than the loss of $31,733 for the year ended December 31, 2016. The net loss was higher due mainly to higher research and development expenses of $7,346 in 2017 with two active TTI-621 phase I trials and manufacturing expenses for TTI-622, the recognition of a deferred tax recovery in the year ended December 31, 2016 related to the acquisition of Fluorinov of $3,690, and a higher net foreign currency loss of $2,715 in 2017.

Net loss for the three months ended December 31, 2017 of $10,658 was higher than the loss of $9,024 for the three months ended December 31, 2016 due mainly to higher research and development expenses of $549 with two active phase I trials for TTI-621, and a higher net foreign currency loss of $896.

Research and Development

Research and development expenses by program for the three months and years ended December 31, 2017 and 2016 were as follows:

	Three months ended December 31, 2017 $	Three months ended December 31, 2016 $	**Year ended December 31, 2017 $**	Year ended December 31, 2016 $
SIRPαFc	**9,003**	7,212	**31,052**	22,412
Small molecule programs	**805**	2,040	**6,041**	7,334
Other	**3**	10	**42**	43
Total (1)	**9,811**	9,262	**37,135**	29,789

Note:

(1) Research and development expenditures in the above table include all direct and indirect costs for the programs, personnel costs, intellectual property, amortization, share-based compensation and research and development overhead, and is net of government assistance. Research and development overhead costs have been allocated to the programs based mainly on personnel time spent on the programs.

During 2017 and 2016, most of our resources were focused on the development of our SIRPαFc program. For the year ended December 31, 2017, SIRPαFc research and development costs were higher than the same period in the prior year due mainly to costs related to the two phase I clinical trials and higher staffing. Small molecule program expenses were lower than the prior year as we completed most of our targeted preclinical development studies for the bromodomain and EGFR inhibitors in the first half of 2017. Included in the small molecule program expenses for the years ended December 31, 2017 and 2016 was amortization of intangible assets acquired of $3,860 and $3,684, respectively.

Components of research and development expenses for the three months ended December 31, 2017 and 2016 were as follows:

	2017	2016
	$	$
Research and development programs excluding the below items	**6,241**	5,243
Salaries, fees and short-term benefits	**2,675**	1,784
Share-based compensation	**713**	940
Amortization of intangible assets	**965**	965
Change in fair value of contingent consideration	**(1,012)**	209
Depreciation of property and equipment	**243**	195
Tax credits	**(14)**	(74)
	9,811	9,262

Components of research and development expenses for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
	$	$
Research and development programs excluding the below items	**22,831**	16,084
Salaries, fees and short-term benefits	**7,969**	6,256
Share-based compensation	**2,911**	3,192
Amortization of intangible assets	**3,860**	3,684
Change in fair value of contingent consideration	**(1,158)**	209
Depreciation of property and equipment	**849**	604
Tax credits	**(127)**	(240)
	37,135	29,789

The increase in research and development program expenses for the three months ended December 31, 2017 compared to the same period last year was due mainly to an increase in SIRPαFc clinical trial costs of $2,475, which was partially offset by lower SIRPαFc manufacturing costs of $808 and lower spending related to the bromodomain inhibitor and EGFR inhibitor programs of $426. Salaries, fees and short-term benefits increased in the three months ended December 31, 2017 due to higher staffing and salaries compared to the same period in 2016. Share-based compensation costs and amortization of intangible assets and depreciation of property and equipment were comparable to the prior year period. The fair value measurement of contingent consideration decreased due mainly to the lessened probability of reaching the potential milestones.

The increase in research and development program expenses for the year ended December 31, 2017 over the prior year was due mainly to an increase in SIRPαFc clinical trial costs of $8,379, partially offset by lower bromodomain inhibitor and EGFR inhibitor program expenses of $1,393. Salaries, fees and short-term benefits increased in the year ended December 31, 2017 due to higher staffing and salaries compared to 2016. Share-based compensation and amortization of intangible assets were comparable to the prior year. The fair value measurement of contingent consideration decreased due mainly to the lessened probability of reaching the potential milestones and resulted in an expense reversal of $1,158 for the year ended December 31, 2017. Depreciation of property and equipment increased in the year ended December 31, 2017 due mainly to leasehold improvements and lab equipment purchased in 2016 and 2017 for our new leased facility.

General and Administrative

Components of general and administrative expenses for the three months ended December 31, 2017 and 2016 were as follows:

	2017	2016
	$	$
General and administrative expenses excluding the below items	**407**	429
Salaries, fees and short-term benefits	**603**	524
Change in fair value of deferred share units	**154**	(178)
Share-based compensation	**90**	142
	1,254	917

Components of general and administrative expenses for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
	$	$
General and administrative expenses excluding the below items	**1,469**	1,790
Salaries, fees and short-term benefits	**2,038**	1,824
Change in fair value of deferred share units	**10**	(178)
Share-based compensation	**344**	497
	3,861	3,933

General and administrative expenses for the three months ended December 31, 2017 of $407 were comparable to the prior year. Salaries, fees and short-term benefits increased mainly due to higher staffing levels. The change in the fair value of deferred share units, or DSUs, for the fourth quarter of 2017 reflected a higher common share price at December 31, 2017 relative to the beginning of the quarter.

General and administrative expenses for the years ended December 31, 2017 of $1,469 were lower due mainly to higher professional fees incurred in 2016 relating the acquisition of Fluorinov. Salaries, fees and short-term benefits increased in the year ended December 31, 2017 due mainly to higher administrative staffing.

Finance income and costs, foreign exchange gains and losses, and income taxes

Finance income for the three months and year ended December 31, 2017 were higher than the prior year comparable periods due mainly to higher cash and marketable security balances, and higher investment yields.

Finance costs for the three months and year ended December 31, 2017 were comparable to the prior year periods.

The net foreign currency gain for the three months ended December 31, 2017 of $167 was lower than the net foreign exchange gain in the comparable prior year quarter. The net foreign currency loss for each of the years ended December 31, 2017 and 2016 of $4,742 and $2,027, respectively, reflected a strengthening of the Canadian dollar versus the U.S. dollar while holding net U.S. dollar denominated assets.

We recorded a deferred tax recovery in the year ended December 31, 2016 related to the acquisition of Fluorinov of $3,690. There was no comparable amount in 2017.

Liquidity and Capital Resources

Cash, working capital, and debt

Since inception, we have financed our operations primarily from sales of equity, proceeds from the exercise of warrants and stock options and from interest income on funds available for investment. Our primary capital needs are for funds to support our scientific research and development activities including staffing, facilities, manufacturing, preclinical studies and clinical trials, administrative costs and for working capital.

We have experienced operating losses and cash outflows from operations since incorporation, will require ongoing financing in order to continue our research and development activities and we have not earned significant revenue or reached successful commercialization of our products. Our future operations are dependent upon our ability to finance our cash requirements which will allow us to continue our research and development activities and the commercialization of our products. There can be no assurance that we will be successful in continuing to finance our operations.

In June 2017, we completed an underwritten public offering of common shares and non-voting convertible preferred shares in the United States. In the offering, we sold 2,949,674 common shares and 3,250,000 Series II Non-Voting Convertible First Preferred Shares at a price of U.S. $5.00 per share. The gross proceeds from this offering were $41,847 (U.S. $30,998) before deducting offering expenses of $2,856.

The Series II Non-Voting Convertible First Preferred Shares sold in the offering are non-voting and are convertible into common shares, on a one-for-one basis (subject to adjustment), at any time at the option of the holder, subject to certain restrictions on conversion. Holders may not convert Series II Non-Voting Convertible First Preferred Shares into common shares if, after giving effect to the exercise of conversion, the holder and its joint actors would have beneficial ownership or direction or control over common shares in excess of 4.99% of the then outstanding common shares. This limit may be raised at the option of the holder on 61 days' prior written notice: (i) up to 9.99%, (ii) up to 19.99%, subject to clearance of a personal information form submitted by the holder to the TSX, and (iii) above 19.99%, subject to approval by the TSX and shareholder approval.

In connection with the acquisition of Series II First Preferred Shares in this offering at the public offering price by an existing institutional shareholder, we entered into an investment agreement with such shareholder. The investment agreement provides this shareholder the right, but not the obligation, for so long as it beneficially owns at least 10% of the adjusted share capital of the Company, calculated on a fully-diluted basis, to nominate one person for election to our board of directors, subject to meeting applicable legal and stock exchange requirements and we have the obligation to appoint such director, whose term will run until the next annual meeting of shareholders. Thereafter, we are required to nominate such director to be a director at any meeting of shareholders called for the purposes of electing directors and to use commercially reasonable efforts to ensure that such director is elected to the board of directors, including soliciting proxies in support of his or her election and taking the same actions taken by us to ensure the election of the other nominees selected by the board of directors for election to the board of directors. In addition, until such time as the existing shareholder exercises its right to nominate a member of our board of directors, and so long as the existing shareholder's nominee is not an employee, officer, director or limited partner of such shareholder, then such shareholder shall have the right, but not the obligation, to appoint an observer to our board of directors, who must be an employee, officer or director of such shareholder. The observer will have the right to receive notice of and attend the meetings of the board of directors, and will have the right to address the board of directors at any of its meetings, but will not have any right to vote at any meeting of the board of directors. In addition, we have agreed to provide this existing shareholder with certain registration rights in the event that such shareholder and its joint actors are deemed to be "affiliates" for purposes of applicable U.S. securities laws.

In December 2017, the Company completed a non-brokered private placement financing and sold 1,950,000 common shares and 400,000 Series II Non-Voting Convertible Preferred Shares at a price of U.S. $8.50 per share yielding gross proceeds of $25,338 (U.S. $19,975) before deducting offering expenses of $1,784.

Our cash and cash equivalents and marketable securities, and working capital at December 31, 2017 were $81,791 and $68,900, respectively compared to $50,473 and $45,486, respectively at December 31, 2016. The increase in cash and cash equivalents and marketable securities, and working capital was due mainly to the June and December 2017 financings raising net proceeds of $62,526 partially offset by cash used in operations of approximately $27,038 and an unrealized foreign exchange loss of $3,748. Accounts payable and accrued liabilities as at December 31, 2017 of $14,092 were higher than the balance of $5,513 at December 31, 2016 due mainly to timing of payments related to our clinical trials.

We are indebted to the Federal Economic Development Agency for Southern Ontario, or FedDev, under a non-interest bearing contribution agreement and are making monthly repayments of $10 through November 2019. As at December 31, 2017 and 2016, the balance repayable was $211 and $335 respectively. The loan payable was discounted using an estimated market interest rate of 15%. Interest expense accretes on the discounted loan amount until it reaches its face value at maturity.

As at December 31, 2017 and 2016, we had a deferred lease inducement of $407 and $438, respectively, for our facility lease. The inducement benefit is being recognized over the expected term of the lease.

As at December 31, 2017 and 2016, we had a long-term liability of $801 and $1,959, respectively, related to contingent consideration on the acquisition of Fluorinov. For the year ended December 31, 2017, the remeasurement of the fair value of the contingent consideration recognized an increase in the time estimate and increased risk of reaching the potential milestones, resulting in an expense reversal of $1,158 which is included in research and development expenses.

Cash flows from operating activities

Cash used in operating activities increased to $27,038 for the year ended December 31, 2017, compared to $22,852 for the year ended December 31, 2016, due mainly to higher research and development expenses, partially offset by a higher accounts payable balance.

Cash flows from investing activities

Cash used in investing activities totaled $57,465 for the year ended December 31, 2017, compared to $12,541 for the year ended December 31, 2016. The increase was due to the purchase of marketable securities in 2017. Cash used for investment activities in 2016 related mainly to the purchase of Fluorinov.

Cash flows from financing activities

Cash provided by financing activities totaled $62,575 for the year ended December 31, 2017, compared to cash provided by financing activities of $344 for the year ended December 31, 2016. The increase was due mainly to the cash proceeds raised in the June 2017 and December 2017 financings.

Contractual Obligations and Contingencies

We enter into research, development and license agreements in the ordinary course of business where we receive research services and rights to proprietary technologies. Milestone and royalty payments that may become due under various agreements are dependent on, among other factors, clinical trials, regulatory approvals and ultimately the successful development of a new drug, the outcome and timing of which is uncertain.

Under the license agreement for SIRPαFc, we have future contingent milestones payable of $25 related to successful patent grants, $200 and $300 on the first patient dosed in Phase II and III clinical trials respectively, and regulatory milestones on their first achievement totaling $5,000. We are also required to pay 20% of any sublicensing revenues to the licensors on the first $50,000 of sublicensing revenues, and pay 15% of any sublicensing revenues to the licensors after the first $50,000 of sublicensing revenue received.

Under two agreements with Catalent pursuant to which we acquired the right to use a proprietary expression system for the manufacture of two SIRPαFc constructs, we have future contingent milestones on pre-marketing approval of up to U.S. $875 and aggregate sales milestone payments of up to U.S. $28,750 for each agreement.

In connection with our acquisition of all the outstanding shares of Fluorinov, we are obligated to pay up to $35,000 of additional future payments that are contingent on us achieving certain clinical and regulatory milestones with an existing Fluorinov compound. We will also have an obligation to pay royalty payments on future sales of such compounds.

We periodically enter into research and license agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require us to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken by or on our behalf. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents us from making a reasonable estimate of the maximum potential amount we could be required to pay. Historically, we have not made any indemnification payments under such agreements and no amount has been accrued in our consolidated financial statements with respect to these indemnification obligations.

Other than as disclosed below, we did not have any contractual obligations relating to long-term debt obligations, capital (finance) lease obligations, operating lease obligations, purchase obligations or other long-term liabilities reflected on our balance sheet as at December 31, 2017:

	Payment due by period				
Contractual Obligations [1][2]	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Long-Term Debt Obligations [3]	$ 211	$ 115	$ 96	$ -	$ -
Operating Lease Obligations [4]	2,048	257	502	519	770
Purchase Obligations [5]	9,584	5,347	4,226	11	-
Other Long-Term Liabilities Reflected on our Balance Sheet [6]	1,115	314	-	606	195
	$ **12,958**	$ **6,033**	$ **4,824**	$ **1,136**	$ **965**

Notes:

(1) Contractual obligations in the above table do not include amounts in accounts payable and accrued liabilities on our balance sheet as at December 31, 2017. Annual technology license fees currently approximating $50 are not included in the above table.

(2) Contingent milestones under the UHN license agreement and the Catalent expression system agreements are not included in the above table.

(3) Amounts due to FedDev repayable in equal monthly installments of $10 through November 2019.

(4) Includes operating lease obligations for laboratory and office facilities.

(5) Purchase obligations include all non-cancellable contracts, and all cancellable contracts with $100 or greater remaining committed at the period end including agreements related to the conduct of our TTI- 621 Phase I clinical trials, TTI-622 studies, preclinical collaborations and manufacturing activities.

(6) Includes $801 of contingent consideration related to potential future payments of up to $35,000 based on the achievement of clinical and regulatory milestones with an existing Fluorinov compound.

Description of Share Capital

The continuity of the number of our issued and outstanding common and preferred shares for the years ended December 31, 2016 and 2017, and to the date of this MD&A is presented below:

	Number of Series I Preferred Shares [1]	Number of Series II Preferred Shares [2]	Number of Common Shares
Balance at December 31, 2015	53,788,579	1,077,605	7,796,137
Issued on exercise of warrants	-	-	30,301
Preferred shares converted to common shares	(562,388)	-	18,746
Balance at December 31, 2016	53,226,191	1,077,605	7,845,184
Issued in public offering	-	3,250,000	2,949,674
Issued in private placement	-	400,000	1,950,000
Issued on exercise of warrants	-	-	13,332
Preferred shares converted to common shares	(900,364)	(359,202)	389,214
Balance at December 31, 2017 and the date of this MD&A	**52,325,827**	**4,368,403**	**13,147,404**

Notes:

(1) Convertible at a ratio of 30 Series I Preferred Shares for one common share.
(2) Convertible at a ratio of one Series II Preferred Share for one common share.

Share capital issued – for the year ended December 31, 2017

In June 2017, we completed an underwritten public offering of common shares and non-voting convertible preferred shares in the United States. In the offering, we sold 2,949,674 common shares and 3,250,000 Series II Non-Voting Convertible First Preferred Shares at a price of U.S. $5.00 per share. The gross proceeds from this offering were $41,847 (U.S. $30,998) before deducting offering expenses of $2,856.

Concurrently with the closing of the offering, we amended the terms of certain common share purchase warrants held by an existing institutional investor. The warrants were previously exercisable to acquire up to 1,190,476 common shares at an exercise price of $8.40 per common share until December 13, 2018 (in each case after giving effect to the 30:1 consolidation previously effected by us). Pursuant to the amendment, each warrant, or Preferred Warrant, will now be exercisable, at the discretion of the holder, to acquire either one common share or one Series II Non-Voting Convertible First Preferred Share. All other terms of the Preferred Warrants (including the aggregate number of shares issuable on exercise of the Preferred Warrants, the exercise price and the expiry date) remain unchanged.

In December 2017, the Company completed a non-brokered private placement financing and sold 1,950,000 common shares and 400,000 Series II Non-Voting Convertible Preferred Shares at a price of U.S. $8.50 per share yielding gross proceeds of $25,338 (U.S. $19,975) before deducting offering expenses of $1,784.

During the year ended December 31, 2017, 13,332 common shares were issued on the exercise of 399,980 warrants for proceeds of $159; 900,364 Series I First Preferred Shares were converted into 30,012 common shares; and 359,202 Series II First Preferred Shares were converted into 359,202 common shares.

Share capital issued – for the year ended December 31, 2016

During the year ended December 31, 2016, 30,301 common shares were issued on the exercise of 909,059 common share purchase warrants for proceeds of $359; and 562,388 Series I First Preferred Shares were converted into 18,746 common shares.

Warrants

The continuity of the number of issued and outstanding warrants for the years ended December 31, 2016 and 2017, and to the date of this MD&A is presented below:

	Preferred Warrants [1]	Common Share Warrants [2]
Balance at December 31, 2015	-	106,096,356
Exercised	-	(909,059)
Balance at December 31, 2016	-	105,187,297
Warrant amendment	1,190,476	(35,714,286)
Exercised	-	(399,980)
Balance at December 31, 2017 and the date of this MD&A	**1,190,476**	**69,073,031**

Notes:

(1) Preferred Warrants are exercisable at $8.40 per warrant for one common share or one Series II Preferred Share.
(2) These warrants are exercisable at a ratio of 30 warrants for one common share.

The following table shows the number of common share purchase warrants outstanding, the exercise prices and the number of common shares issuable on exercise of the warrants and the exercise price per common share for 30 warrants at December 31, 2017:

Expiry dates	Number of Warrants	Exercise Price	Number of Common Shares Issuable on Exercise	Exercise Price per Common Share (30 Warrants)
March 2018	8,240,455	$0.40	274,682	$12.00
December 2018	60,832,576	$0.28	2,027,753	$8.40
	69,073,031		2,302,435	

The following table shows the number of Preferred Warrants outstanding and their exercise price to acquire either one common share or one Series II Preferred Share at the option of the holder at December 31, 2017:

Expiry date	Number of Preferred Warrants	Exercise Price
December 2018	1,190,476	$8.40
	1,190,476	

Stock Options

The 2016 Stock Option Plan was approved by our shareholders at the annual meeting held on May 27, 2016. Options granted are equity-settled, have a vesting period of four years and have a maximum term of ten years. The total number of common shares available for issuance under the 2016 Stock Option Plan is 1,894,501. As at December 31, 2017, we were entitled to issue an additional 147,519 stock options under the 2016 Stock Option Plan.

The continuity of the number of issued and outstanding stock options for the years ended December 31, 2016 and 2017, and to the date of this MD&A is presented below:

	Number of Options	Weighted Average Exercise Price
Balance at December 31, 2015	927,834	$14.07
Granted	470,321	12.60
Forfeited	(12,500)	28.52
Expired	(5,418)	30.00
Balance at December 31, 2016	1,380,237	13.38
Granted	377,078	11.00
Forfeited	(10,000)	12.01
Expired	(333)	30.00
Balance at December 31, 2017	1,746,982	$12.87
Granted	6,000	9.10
Forfeited	(883)	13.38
Balance at the date of this MD&A	1,752,099	$12.86

Deferred Share Unit Plan

Our shareholders approved the 2014 Deferred Share Unit Plan, or the 2014 DSU Plan, on May 27, 2014 and the reservation for issuance of up to 66,667 common shares under the plan. DSUs granted under the 2014 DSU Plan were equity-settled. There were no DSUs issued during the year ended December 31, 2016. A total of 51,788 DSUs were outstanding under this plan as at December 31, 2016 and March 8, 2017.

The board of directors approved a new cash-settled DSU plan, or the Cash-Settled DSU Plan, on November 9, 2016 and granted 47,614 DSUs for the payment of directors' fees that will ultimately be cash-settled. On March 9, 2017 the board of directors amended the terms of all outstanding equity-settled DSUs to be settled in cash. The 2014 DSU Plan was subsequently terminated resulting in a reclassification of $414 from contributed surplus to accrued liabilities and the Cash-Settled DSU Plan continues as our only DSU plan. On November 9, 2017, 46,187 DSUs were granted for payment of directors' fees. The fair values of DSUs under this plan as at December 31, 2017 and 2016 were $1,349 and $362, respectively. As at December 31, 2017, there were 145,589 DSUs outstanding under this plan.

Fully Diluted Share Capital

The number of issued and outstanding common shares, Series I First Preferred Shares, Series II First Preferred Shares, common share purchase warrants, Preferred Warrants, and stock options on a fully converted basis as at December 31, 2017 was as follows:

	Number of Common Share Equivalents
Common shares	13,147,404
Series I First Preferred Shares	1,744,194
Series II First Preferred Shares	4,368,403
Warrants (exercisable for common shares)	2,302,434
Preferred Warrants (exercisable for common shares or Series II Preferred Shares)	1,190,476
Stock options	1,746,982
Total	24,499,893

Trend Information

Historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures and therefore liquidity and capital resources vary substantially from period to period depending on the number of research and development programs being undertaken at any one time, the stage of the development programs, the timing of significant expenditures for manufacturing, toxicology and pharmacology studies and clinical trials, and the availability of funding from investors and prospective commercial partners.

Selected Quarterly Financial Information

2017	**Q4-2017 $**	**Q3-2017 $**	**Q2-2017 $**	**Q1-2017 $**
Revenue	-	-	-	-
Research and development expenses	9,811	8,275	8,851	10,199
General and administrative expenses	1,254	969	684	954
Net loss for the period	10,658	11,337	11,641	11,452
Basic and diluted net loss per share	0.91	1.05	1.33	1.46
Cash and cash equivalents and marketable securities	81,791	64,297	72,618	41,347

2016	**Q4-2016 $**	**Q3-2016 $**	**Q2-2016 $**	**Q1-2016 $**
Revenue	-	-	-	-
Research and development expenses	9,262	7,720	6,429	6,379
General and administrative expenses	917	1,031	947	1,038
Net loss for the period	9,023	7,902	7,603	7,205
Basic and diluted net loss per share	1.15	1.01	0.97	0.92
Cash and cash equivalents	50,473	55,550	60,070	65,844

Research and development expenses increased each quarter throughout 2016 due to the costs of initiating and advancing two Phase I trials and the addition of Fluorinov product development. The net loss increased in the fourth quarter of 2016 and the first quarter of 2017 due to higher personnel costs, SIRPαFc clinical trial costs, and preclinical work on the bromodomain inhibitor and EGFR inhibitor programs. The net loss for the third and fourth quarters of 2017 reflected continued focus on the SIRPαFc development program, and lower small molecule expenses relative to the first and second quarters of 2017.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" under the U.S. Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and will continue to qualify as an "emerging growth company" until the earliest to occur of: (a) the last day of the fiscal year during which we have total annual gross revenues of $1,000,000 (as such amount is indexed for inflation every 5 years by the U.S. Securities and Exchange Commission, or SEC) or more; (b) the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common shares pursuant to an effective registration statement under the U.S Securities Act of 1933; (c) the date on which we have, during the previous 3-year period, issued more than $1,000,000 in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer", as defined in Rule 12b–2 of the U.S. Securities Exchange Act of 1934, or the Exchange Act.

Generally, a company that registers any class of its securities under Section 12 of the Exchange Act is required to include in the second and all subsequent annual reports filed by it under the Exchange Act, a management report on internal control over financial reporting and, subject to an exemption available to companies that meet the definition of a "smaller reporting company" in Rule 12b-2 under the Exchange Act, an auditor attestation report on management's assessment of the company's internal control over financial reporting. However, for so long as we continue to qualify as an emerging growth company, we will be exempt from the requirement to include an auditor attestation report in our annual reports filed under the Exchange Act, even if we do not qualify as a "smaller reporting company". In addition, Section 103(a)(3) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, has been amended by the JOBS Act to provide that, among other things, auditors of an emerging growth company are exempt from any rules of the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the company.

Any U.S. domestic issuer that is an emerging growth company is able to avail itself of the reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements, and to not present to its shareholders a non-binding advisory vote on executive compensation, obtain approval of any golden parachute payments not previously approved, or present the relationship between executive compensation actually paid and our financial performance. So long as we are a foreign private issuer, we are not subject to such requirements, and will not become subject to such requirements even if we were to cease to be an emerging growth company.

As a reporting issuer under the securities legislation of the Canadian provinces of Ontario, British Columbia, Manitoba, Nova Scotia and Alberta, we are required to comply with all new or revised accounting standards that apply to Canadian public companies. Pursuant to Section 107(b) of the JOBS Act, an emerging growth company may elect to utilize an extended transition period for complying with new or revised accounting standards for public companies until such standards apply to private companies. We have elected not to utilize this extended transition period.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, related disclosures of contingent assets and liabilities and the determination of our ability to continue as a going concern. Actual results could differ materially from these estimates and assumptions. We review our estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 2 of our annual audited consolidated financial statements for the year ended December 31, 2017.

Accounting Policies

Our significant accounting policies are outlined in our annual audited consolidated financial statements for the year ended December 31, 2017. This MD&A should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2017.

New standards, amendments and interpretations adopted during 2017

IAS 7, *Statement of Cash Flows*

In February 2016 the IASB issued amendments to IAS 7 *Statement of Cash Flows* , or IAS 7 which requires entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of this amendment had no impact on our consolidated financial statements.

New standards and interpretations not yet effective

IFRS 9, *Financial Instruments*

In October 2010 the IASB published amendments to IFRS 9 *Financial Instruments,* or IFRS 9 which provides added guidance on the classification and measurement of financial assets and liabilities. In July 2014, the IASB issued its final version of IFRS 9, which completes the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* . The final standard is mandatorily effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. We believe that the adoption of this standard will not have a material impact on the consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers,* or IFRS 15 which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. We have determined that the adoption of this standard will not have an impact on the consolidated financial statements.

IFRS 16, *Leases*

In January 2016 the IASB issued IFRS 16 *Leases,* or IFRS 16, its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. The new standard will be effective for annual periods beginning on or after January 1, 2019 with limited early application permitted. We have not yet determined the impact of this standard on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on our consolidated financial statements.

RISK FACTORS

The following information sets forth material risks and uncertainties that may affect our business, including our future financing and operating results and could cause our actual results to differ materially from those contained in forward-looking statements we have made in this MD&A. The risks and uncertainties below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. Further, if we fail to meet the expectations of the public market in any given period, the market price of our common shares could decline. We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control.

Risks Related to Our Financial Position and Need for Additional Capital

We expect to incur future losses and we may never become profitable.

We have incurred losses of $45,088, $31,733 and $14,734 for the years ended December 31, 2017, 2016, and 2015, respectively, and expect to incur an operating loss for the year ending December 31, 2018. We have an accumulated deficit since inception through December 31, 2017 of $142,111. We believe that operating losses will continue as we are planning to incur significant costs associated with the clinical development of SIRPαFc. Our net losses have had and will continue to have an adverse effect on, among other things, our shareholders' equity, total assets and working capital. We expect that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. We cannot predict when we will become profitable, if at all.

We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidates or develop new product candidates.

As a research and development company, our operations have consumed substantial amounts of cash since inception. We expect to spend substantial funds to continue the research, development and testing of our product candidates and to prepare to commercialize products subject to approval of the U.S. Food and Drug Administration, or FDA, in the U.S. and similar approvals in other jurisdictions. We will also require significant additional funds if we expand the scope of our current clinical plans or if we were to acquire any new assets and advance their development. Therefore, for the foreseeable future, we will have to fund all of our operations and development expenditures from cash on hand, equity or debt financings, through collaborations with other biotechnology or pharmaceutical companies or through financings from other sources. We expect that our existing cash and cash equivalents and marketable securities at December 31, 2017 of $81,791 will enable us to fund our current operating plan requirements for at least the next twelve months. Additional financing will be required to meet our long term liquidity needs. If we do not succeed in raising additional funds on acceptable terms, we might not be able to complete planned preclinical studies and clinical trials or pursue and obtain approval of any product candidates from the FDA and other regulatory authorities. It is possible that future financing will not be available or, if available, may not be on favorable terms. The availability of financing will be affected by the achievement of our corporate goals, the results of scientific and clinical research, the ability to obtain regulatory approvals, the state of the capital markets generally and with particular reference to drug development companies, the status of strategic alliance agreements and other relevant commercial considerations. If adequate funding is not available, we may be required to delay, reduce or eliminate one or more of our product development programs, or obtain funds through corporate partners or others who may require us to relinquish significant rights to product candidates or obtain funds on less favorable terms than we would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our intangible assets and our ability to continue our clinical development plans may become impaired, and our assets, liabilities, business, financial condition and results of operations may be materially or adversely affected.

We currently have no product revenue and will not be able to maintain our operations and research and development without additional funding.

To date, we have generated no product revenue and cannot predict when and if we will generate product revenue. Our ability to generate product revenue and ultimately become profitable depends upon our ability, alone or with partners, to successfully develop our product candidates, obtain regulatory approval, and commercialize products, including any of our current product candidates, or other product candidates that we may develop, in-license or acquire in the future. We do not anticipate generating revenue from the sale of products for the foreseeable future. We expect our research and development expenses to increase in connection with our ongoing activities, particularly as we advance our product candidates through clinical trials.

We are exposed to the financial risk related to the fluctuation of foreign exchange rates and the degrees of volatility of those rates.

We may be adversely affected by foreign currency fluctuations. To date, we have been primarily funded through issuances of equity, proceeds from the exercise of warrants and stock options and from interest income on funds available for investment, which are all denominated both in Canadian and U.S. dollars. Also, a significant portion of our expenditures are in U.S. dollars, and we are therefore subject to foreign currency fluctuations which may, from time to time, impact our financial position and results of operations.

Risks Related to Our Business and Our Industry

Our prospects depend on the success of our product candidates which are at early stages of development, and we may not generate revenue for several years, if at all, from these products.

Given the early stage of our product development, we can make no assurance that our research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations, we, alone or with others, must successfully develop, gain regulatory approval, and market our future products. We currently have no products that have been approved by the FDA, Health Canada, or HC, or any similar regulatory authority. To obtain regulatory approvals for our product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the product candidates are safe for human use and that they demonstrate efficacy. While we have commenced Phase I trials for SIRPαFc, we have not yet completed a Phase I clinical trial or subsequent required clinical trials for any of our product candidates.

Many product candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause us or our collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favorable outcomes in later-stage clinical trials. We can make no assurance that any future studies, if undertaken, will yield favorable results.

We acquired several preclinical and discovery research programs in our acquisition of Fluorinov, including certain assets relating to the treatment of CNS disorders. While we conducted extensive due diligence before making this acquisition, our assessment of the Fluorinov technologies may not be accurate. Therefore, our expectations about whether various clinical and regulatory milestones with an existing Fluorinov compound or development of a future program on the Fluorinov development platform will be achieved may not be borne out fully or at all. We have made a commitment to use commercially reasonable efforts to monetize the Fluorinov CNS assets and, if successful, to share the net proceeds with the Fluorinov vendors. As this is not our core competency, our efforts to monetize these assets or any other Fluorinov assets may not be successful. We can make no assurances that toxicology, or other preclinical, studies will yield results that will allow us to proceed with clinical trials in humans.

The early stage of our product development makes it particularly uncertain whether any of our product development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of our product candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If we are successful in developing our current and future product candidates into approved products, we will still experience many potential obstacles such as the need to develop or obtain manufacturing, marketing and distribution capabilities. If we are unable to successfully commercialize any of our products, our financial condition and results of operations may be materially and adversely affected.

We rely and will continue to rely on third parties to plan, conduct and monitor our preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to our business.

We rely and will continue to rely on third parties to conduct a significant portion of our preclinical and clinical development activities. Preclinical activities include in vivo studies providing access to specific disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in our relationship with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, our active development programs will face delays. Further, if any of these third parties fails to perform as we expect or if their work fails to meet regulatory requirements, our testing could be delayed, cancelled or rendered ineffective.

We rely on contract manufacturers over whom we have limited control. If we are subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, our business operations could suffer significant harm.

We have limited manufacturing experience and rely on contract manufacturing organizations, or CMOs to manufacture our product candidates for larger preclinical studies and clinical trials. We produce small quantities of our product candidates at bench scale in our laboratory facilities for use in smaller preclinical studies. We rely on CMOs for manufacturing, filling, packaging, storing and shipping of drug product in compliance with current Good Manufacturing Practice, or cGMP, regulations applicable to our products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product.

We contracted with Catalent for the manufacture of the SIRPαFc protein to supply drug substance for our Phase I clinical trials. The manufacture of recombinant proteins uses well established processes including a protein expression system. Catalent is producing SIRPαFc using their proprietary GPEx® expression system. We believe that Catalent has the capacity, the systems, and the experience to supply SIRPαFc for our Phase I clinical trials and we may consider using Catalent for manufacturing for later clinical trials. However, since the Catalent manufacturing facility where SIRPαFc is being produced was only recently established and does not support commercial manufacturing, it has not yet been inspected by the FDA. Any manufacturing failures or delays or compliance issues could cause delays in the conduct of SIRPαFc preclinical studies and clinical trials.

There can be no assurances that CMOs will be able to meet our timetable and requirements. We have not contracted with alternate suppliers for SIRPαFc drug substance production in the event Catalent is unable to scale up production, or if Catalent otherwise experiences any other significant problems. If we are unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, we may be delayed in the development of our product candidates. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. Our dependence upon third parties for the manufacture of our products may adversely affect our profit margins and our ability to develop and deliver products on a timely and competitive basis.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we would incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct preclinical studies in animals and extensive clinical trials in humans to demonstrate the safety and efficacy of the product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. We do not know whether the clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of our product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk we face is the possibility that none of our product candidates under development will successfully gain market approval from the FDA or other regulatory authorities, resulting in us being unable to derive any commercial revenue from them after investing significant amounts of capital in multiple stages of preclinical and clinical testing.

If we experience delays in clinical testing, we will be delayed in commercializing our product candidates, and our business may be substantially harmed.

We cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Our product development costs will increase if we experience delays in clinical testing. Significant clinical trial delays could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before us, which would impair our ability to successfully commercialize our product candidates and may harm our financial condition, results of operations and prospects. The commencement and completion of clinical trials for our products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in our trials at the rate we expect;
- suspension or termination of clinical trials by regulators for many reasons, including concerns about patient safety or failure of our CMOs to comply with cGMP requirements;
- any changes to our manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from CMOs of our products necessary to conduct clinical trials;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which we are developing any of our product candidates or participating in competing clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety and/or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;

- clinical investigators not performing our clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner;
- failure of our contract research organizations, or CROs, to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by regulatory authorities or Institutional Review Boards, or IRBs, or ethics committees finding regulatory violations that require us to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study;
- one or more IRBs or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; or
- failure to reach agreement on acceptable terms with prospective clinical trial sites.

Our product development costs will increase if we experience delays in testing or approval or if we need to perform more or larger clinical trials than planned. Additionally, changes in regulatory requirements and policies may occur, and we may need to amend study protocols to reflect these changes. Amendments may require us to resubmit our study protocols to regulatory authorities or IRBs or ethics committees for re-examination, which may impact the cost, timing or successful completion of that trial. Delays or increased product development costs may have a material adverse effect on our business, financial condition and prospects.

We may not be able to file INDs to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA may not permit us to proceed in a timely manner, or at all.

Prior to commencing clinical trials in the United States for any of our product candidates, we may be required to have an allowed IND for each product candidate and to file additional INDs prior to initiating any additional clinical trials for SIRPαFc. We believe that the data from previous preclinical studies will support the filing of additional INDs, to enable us to undertake additional clinical studies as we have planned. However, submission of an IND may not result in the FDA allowing further clinical trials to begin and, once begun, issues may arise that will require us to suspend or terminate such clinical trials. Additionally, even if relevant regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, these regulatory authorities may change their requirements in the future. Failure to submit or have effective INDs and commence clinical programs will significantly limit our opportunity to generate revenue.

If we have difficulty enrolling patients in clinical trials, the completion of the trials may be delayed or cancelled.

As our product candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, we will need to enroll an increasing number of patients that meet our eligibility criteria. There is significant competition for recruiting cancer patients in clinical trials, and we may be unable to enroll the patients we need to complete clinical trials on a timely basis or at all. The factors that affect our ability to enroll patients are largely uncontrollable and include, but are not limited to, the following:

- size and nature of the patient population;
- eligibility and exclusion criteria for the trial;
- design of the study protocol;
- competition with other companies for clinical sites or patients;
- the perceived risks and benefits of the product candidate under study;
- the patient referral practices of physicians; and
- the number, availability, location and accessibility of clinical trial sites.

If we are unable to successfully develop companion diagnostics for our therapeutic product candidates, or experience significant delays in doing so, we may not achieve marketing approval or realize the full commercial potential of our therapeutic product candidates.

We may develop companion diagnostics for our therapeutic product candidates. We expect that, at least in some cases, regulatory authorities may require the development and regulatory approval of a companion diagnostic as a condition to approving our therapeutic product candidates. We have limited experience and capabilities in developing or commercializing diagnostics and plan to rely in large part on third parties to perform these functions. We have not begun to develop companion diagnostics for any of our therapeutic product candidates.

Companion diagnostics are subject to regulation by the FDA, HC, and comparable foreign regulatory authorities as medical devices and may require separate regulatory approval or clearance prior to commercialization. If we, or any third parties that we engage to assist us, are unable to successfully develop companion diagnostics for our therapeutic product candidates, or experience delays in doing so, our business may be substantially harmed.

Regulatory approval processes are lengthy, expensive and inherently unpredictable. Our inability to obtain regulatory approval for our product candidates would substantially harm our business.

Our development and commercialization activities and product candidates are significantly regulated by a number of governmental entities, including the FDA, HC, and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and we may fail to obtain the necessary approvals to commence or continue clinical testing. We must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval before we can commercialize a product candidate. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities we perform is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if we believe results from our clinical trials are favorable to support the marketing of our product candidates, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval.

We could fail to receive regulatory approval for our product candidates for many reasons, including, but not limited to:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of our product candidates to support the submission and filing of a biologic license application, or BLA, or other submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of CMOs with whom we contract for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render our preclinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. If we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Moreover, depending on any safety issues associated with our product candidates that garner approval, the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products.

We may not achieve our publicly announced milestones according to schedule, or at all.

From time to time, we may announce the timing of certain events we expect to occur, such as the anticipated timing of results from our clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a CMO or a CRO or any other event having the effect of delaying the publicly announced timeline. We undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on our business plan, financial condition or operating results and the trading price of common shares.

We face competition from other biotechnology and pharmaceutical companies and our financial condition and operations will suffer if we fail to effectively compete.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our competitors include large, well-established pharmaceutical companies, biotechnology companies, and academic and research institutions developing cancer therapeutics for the same indications we are targeting and competitors with existing marketed therapies. Many other companies are developing or commercializing therapies to treat the same diseases or indications for which our product candidates may be useful. Although there are no approved therapies that specifically target the CD47 pathway, some competitors use therapeutic approaches that may compete directly with our product candidates. For example, SIRPαFc is in direct competition with CD47 blocking antibodies from Forty Seven Inc., Celgene Corporation, Novimmune SA and others.

Many of our competitors have substantially greater financial, technical and human resources than we do and have significantly greater experience than us in conducting preclinical testing and human clinical trials of product candidates, scaling up manufacturing operations and obtaining regulatory approvals of products. Accordingly, our competitors may succeed in obtaining regulatory approval for products more rapidly than we do. Our ability to compete successfully will largely depend on:

- the efficacy and safety profile of our product candidates relative to marketed products and other product candidates in development;
- our ability to develop and maintain a competitive position in the product categories and technologies on which we focus;
- the time it takes for our product candidates to complete clinical development and receive marketing approval;
- our ability to obtain required regulatory approvals;
- our ability to commercialize any of our product candidates that receive regulatory approval;
- our ability to establish, maintain and protect intellectual property rights related to our product candidates; and
- acceptance of any of our product candidates that receive regulatory approval by physicians and other healthcare providers and payers.

Competitors have developed and may develop technologies that could be the basis for products that challenge the differentiated nature and potential for best-in-class product development programs and discovery research capabilities of Fluorinov. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than our product candidates and may be more effective or less costly than our product candidates. The success of our competitors and their products and technologies relative to our technological capabilities and competitiveness could have a material adverse effect on the future preclinical studies and clinical trials of our product candidates, including our ability to obtain the necessary regulatory approvals for the conduct of such clinical trials. This may further negatively impact our ability to generate future product development programs using Fluorinov technology.

If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will substantially suffer.

We heavily rely on the capabilities and experience of our key executives and scientists and the loss of any of them could affect our ability to develop our products.

The loss of Dr. Niclas Stiernholm, our President and Chief Executive Officer, or other key members of our staff, could harm us. We have employment agreements with Drs. Stiernholm and other key members of our staff, although such employment agreements do not guarantee their retention. We also depend on our scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to us. In addition, we believe that our future success will depend in large part upon our ability to attract and retain highly skilled scientific, managerial, medical, clinical and regulatory personnel, particularly as we expand our activities and seek regulatory approvals for clinical trials. We enter into agreements with our scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of our business. We also enter into agreements with physicians and institutions who will recruit patients into our clinical trials on our behalf in the ordinary course of our business. Notwithstanding these arrangements, we face significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. We cannot predict our success in hiring or retaining the personnel we require for continued growth. The loss of the services of any of our executive officers or other key personnel could potentially harm our business, operating results or financial condition.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we have established, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a substantial impact on our business and results of operations, including the imposition of substantial fines or other sanctions.

The failure to fully realize the benefits of our acquisition of Fluorinov may adversely affect our future results.

In January 2016, we acquired all of the outstanding capital stock of Fluorinov, a small molecule medicinal chemistry company with preclinical oncology assets and a potential discovery platform. The success of our acquisition of Fluorinov will depend, in part, on our ability to fully realize the anticipated benefits from combining our business with Fluorinov's business. However, to realize these anticipated benefits, we must continue the research and development activities previously undertaken by Fluorinov as a stand-alone company. If we are unable to achieve these objectives, the anticipated benefits of our acquisition of Fluorinov may not be realized fully or at all or may take longer to realize than expected.

We may expand our business through the acquisition of companies or businesses or by entering into collaborations or by in-licensing product candidates, each of which could disrupt our business and harm our financial condition.

We have in the past and may in the future seek to expand our pipeline and capabilities by acquiring one or more companies or businesses, entering into collaborations, or in-licensing one or more product candidates. Acquisitions, collaborations and in-licenses involve numerous risks, including, but not limited to:

- substantial cash expenditures;
- technology development risks;
- potentially dilutive issuances of equity securities;
- incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition;
- difficulties in assimilating the operations of the acquired companies;
- potential disputes regarding contingent consideration;
- diverting our management's attention away from other business concerns;
- entering markets in which we have limited or no direct experience; and
- potential loss of our key employees or key employees of the acquired companies or businesses.

We have experience in making acquisitions, entering collaborations, and in-licensing product candidates, however, we cannot provide assurance that any acquisition, collaboration or in-license will result in short-term or long-term benefits to us. We may incorrectly judge the value or worth of an acquired company or business or in-licensed product candidate. In addition, our future success would depend in part on our ability to manage the rapid growth associated with some of these acquisitions, collaborations and in-licenses. We cannot provide assurance that we would be able to successfully combine our business with that of acquired businesses, manage a collaboration or integrate in-licensed product candidates. Furthermore, the development or expansion of our business may require a substantial capital investment by us.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of our products may have an adverse impact on our future commercialization efforts .

From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to our product candidates, or the therapeutic areas in which our product candidates compete, could adversely affect our share price and our ability to finance future development of our product candidates, and our business and financial results could be materially and adversely affected.

We face the risk of product liability claims, which could exceed our insurance coverage and produce recalls, each of which could deplete our cash resources.

We are exposed to the risk of product liability claims alleging that use of our product candidates caused an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing or sale of our product candidates and may be made directly by patients involved in clinical trials of our product candidates, by consumers or healthcare providers or by individuals, organizations or companies selling our products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product candidate moves through the development pipeline to commercialization. We currently maintain clinical trial liability insurance coverage of $10,000. However, there can be no assurance that such insurance coverage is or will continue to be adequate or available to us at a cost acceptable to us or at all. We may choose or find it necessary under our collaborative agreements to increase our insurance coverage in the future. We may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of our coverage, require us to pay a substantial monetary award from our own cash resources and have a material adverse effect on our business, financial condition and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about our products and business, inhibit or prevent commercialization of other products and product candidates or negatively impact existing or future collaborations.

If we are unable to maintain product liability insurance required by our third parties, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.

Some of our licensing and other agreements with third parties require or might require us to maintain product liability insurance. If we cannot maintain acceptable amounts of coverage on commercially reasonable terms in accordance with the terms set forth in these agreements, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.

Risks Related to Intellectual Property

If we are unable to adequately protect and enforce our intellectual property, our competitors may take advantage of our development efforts or acquired technology and compromise our prospects of marketing and selling our key products.

We control two patent families relating to SIRPα. One family relates to the use of SIRPα to treat cancer. The other family relates to our drug as a composition of matter, SIRPαFc. We have also recently filed for patent protection covering additional inventions relating to SIRPα, including anti-cancer drug combination therapies that utilize SIRPαFc.

Our small molecule portfolio embraces patent filings that cover numerous different inventions. With the exception of one process scheme, these patent filings each claim a family of small molecule drugs as compositions of matter, together with claims for their production and their medical uses. These drugs target cancer for the most part, and some related medical end-uses.

Our success will depend in part upon our ability to protect our intellectual property and proprietary technologies and upon the nature and scope of the intellectual property protection we receive. For example, some of our patent portfolio covers primarily methods of medical use but not compositions of matter. The ability to compete effectively and to achieve partnerships will depend on our ability to develop and maintain proprietary aspects of our technology and to operate without infringing on the proprietary rights of others. The presence of such proprietary rights of others could severely limit our ability to develop and commercialize our products, to conduct our existing research and could require financial resources to defend litigation, which may be in excess of our ability to raise such funds. There is no assurance that our pending patent applications or those that we intend to acquire will be approved in a form that will be sufficient to protect our proprietary technology and gain or keep any competitive advantage that we may have or, once approved, will be upheld in any post-grant proceedings brought by any third parties.

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Patents issued to us or our respective licensors may be challenged, invalidated or circumvented. To the extent our intellectual property, including licensed intellectual property, offers inadequate protection, or is found to be invalid or unenforceable, we are exposed to a greater risk of direct competition. If our intellectual property does not provide adequate protection against our competitors' products, our competitive position could be adversely affected, as could our business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of Canada and the United States.

We will be able to protect our intellectual property from unauthorized use by third parties only to the extent that our proprietary technologies, key products, and any future products are covered by valid and enforceable intellectual property rights including patents or are effectively maintained as trade secrets, and provided we have the funds to enforce our rights, if necessary.

If we lose our licenses from third-party owners we may be unable to continue a substantial part of our business.

We are party to licenses that give us rights to intellectual property that is necessary or useful for a substantial part of our business. Pursuant to our exclusive license agreement with UHN and HSC under which we license certain patent rights for our key products and their uses, we are required to use commercially reasonable efforts to commercialize products based on the licensed rights and pay certain royalties and sublicensing revenue to UHN and HSC. These licenses require that we pay development milestone payments, regulatory milestone payments, royalties on net sales, and sublicensing revenues, as well as annual maintenance fees.

We have also entered into agreements allowing us to manufacture SIRPαFc using Catalent's proprietary GPEx® expression system. The consideration includes payments at the time we successfully reach a series of development and sales milestones. We may also enter into licenses in the future to access additional third-party intellectual property.

If we fail to pay annual maintenance fees, development and sales milestones, or it is determined that we did not use commercially reasonable efforts to commercialize licensed products, we could lose our licenses which could have a material adverse effect on our business and financial condition.

We may require additional third-party licenses to effectively develop and manufacture our key products and are currently unable to predict the availability or cost of such licenses.

A substantial number of patents have already been issued to other biotechnology and pharmaceutical companies. To the extent that valid third-party patent rights cover our products or services, we or our strategic collaborators would be required to seek licenses from the holders of these patents in order to manufacture, use or sell these products and services, and payments under them would reduce our profits from these products and services. We are currently unable to predict the extent to which we may wish or be required to acquire rights under such patents, the availability and cost of acquiring such rights, and whether a license to such patents will be available on acceptable terms or at all. There may be patents in the U.S. or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. Our inability to obtain such licenses may hinder or eliminate our ability to manufacture and market our products.

Changes in patent law and its interpretation could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time-consuming and inherently uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our and our licensors' or collaborators' ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the U.S. Patent and Trademark Office, or USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our and our licensors' or collaborators' ability to obtain new patents or to enforce existing patents and patents we and our licensors or collaborators may obtain in the future.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our and our licensors' or collaborators' patent applications and the enforcement or defense of our or our licensors' or collaborators' issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The USPTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our or our licensors' or collaborators' patent applications and the enforcement or defense of our or our licensors' or collaborators' issued patents, all of which could have a material adverse effect on our business and financial condition.

Litigation regarding patents, patent applications, and other proprietary rights may be expensive, time consuming and cause delays in the development and manufacturing of our key products.

Our success will depend in part on our ability to operate without infringing the proprietary rights of third parties. The pharmaceutical industry is characterized by extensive patent litigation. Other parties may have, or obtain in the future, patents and allege that the use of our technologies infringes these patent claims or that we are employing their proprietary technology without authorization.

In addition, third parties may challenge or infringe upon our existing or future patents. Proceedings involving our patents or patent applications or those of others could result in adverse decisions regarding:

- the patentability of our inventions relating to our key products; and/or
- the enforceability, validity, or scope of protection offered by our patents relating to our key products.

If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action, or challenge the validity of the patents in court. Regardless of the outcome, patent litigation is costly and time consuming. In some cases, we may not have sufficient resources to bring these actions to a successful conclusion. In addition, if we do not obtain a license, develop or obtain non-infringing technology, fail to defend an infringement action successfully or have infringed patents declared invalid, we may:

- incur substantial monetary damages;
- encounter significant delays in bringing our key products to market; and/or
- be precluded from participating in the manufacture, use or sale of our key products or methods of treatment requiring licenses.

Even if we are successful in these proceedings, we may incur substantial costs and divert management time and attention in pursuing these proceedings, which could have a material adverse effect on us.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them.

Because we rely on third parties to develop our products, we must share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with our collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of our collaborators, advisors, employees and consultants to publish data potentially relating to our trade secrets. Our academic and clinical collaborators typically have rights to publish data, provided that we are notified in advance and may delay publication for a specified time in order to secure our intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by us, although in some cases we may share these rights with other parties. We also conduct joint research and development programs which may require us to share trade secrets under the terms of research and development collaboration or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development or publication of information including our trade secrets in cases where we do not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of our trade secrets may impair our competitive position and could have a material adverse effect on our business and financial condition.

Risks Related to Our Common Shares

Our common share price has been volatile in recent years, and may continue to be volatile.

The market prices for securities of biopharmaceutical companies, including ours, have historically been volatile. In the year ended December 31, 2017, our common shares traded on the TSX at a high of $15.68 and a low of $5.26 per share and on the NASDAQ at a high of U.S. $13.30 and a low of U.S. $4.15 per share. In the year ended December 31, 2016, our common shares traded on the TSX at a high of $23.48 and a low of $7.12 per share and on the NASDAQ at a high of U.S. $17.70 and a low of U.S. $5.25 per share. A number of factors could influence the volatility in the trading price of our common shares, including changes in the economy or in the financial markets, industry related developments, the results of product development and commercialization, changes in government regulations, and developments concerning proprietary rights, litigation and cash flow. Our quarterly losses may vary because of the timing of costs for manufacturing, preclinical studies and clinical trials. Also, the reporting of adverse safety events involving our products and public rumors about such events could cause our share price to decline or experience periods of volatility. Each of these factors could lead to increased volatility in the market price of our common shares. In addition, changes in the market prices of the securities of our competitors may also lead to fluctuations in the trading price of our common shares.

We have never paid dividends and do not expect to do so in the foreseeable future.

We have not declared or paid any cash dividends on our common or preferred shares to date. The payment of dividends in the future will be dependent on our earnings and financial condition in addition to such other factors as our board of directors considers appropriate. Unless and until we pay dividends, shareholders may not receive a return on their shares. There is no present intention by our board of directors to pay dividends on our shares.

We may issue additional common shares to the former shareholders of Fluorinov as a result of our satisfaction of certain milestones, resulting in share ownership dilution.

Under the terms of our agreements with Fluorinov and its former shareholders, at our discretion up to 50% of any future contingent payments can be satisfied through the issuance of our common shares, provided that the aggregate number of common shares issuable under such payments will not exceed 1,558,447 common shares, which amount represented 19.99% of the outstanding common shares at the time of execution of the acquisition, unless shareholder approval has first been obtained.

Issuing additional common shares to the former shareholders of Fluorinov in satisfaction of contingent consideration dilutes the ownership interests of holders of our common shares on the dates of such issuances. If we are unable to realize the strategic, operational and financial benefits anticipated from our acquisition of Fluorinov, our shareholders may experience dilution of their ownership interests in our company upon any such future issuances of our common shares without receiving any commensurate benefit.

Future sales or issuances of equity securities and the conversion of outstanding securities to common shares could decrease the value of the common shares, dilute investors' voting power, and reduce our earnings per share.

We may sell additional equity securities in future offerings, including through the sale of securities convertible into equity securities, to finance operations, acquisitions or projects, and issue additional common shares if outstanding warrants or stock options are exercised, or preferred shares are converted to common shares, which may result in dilution. See the information in the section of this MD&A entitled "Description of Share Capital" for details of our outstanding securities convertible into common shares. Subject to receipt of any required regulatory approvals, subscribers of the December 2013 private placement who purchased a minimum of 10% of the securities sold under the offering received rights to purchase our securities in future financings to enable each such shareholder to maintain their percentage holding in our common shares for so long as the subscriber holds at least 10% of the outstanding common shares on a fully-diluted basis. Shareholders who do not have this future financing participation right may be disadvantaged in participating in such financings.

Our board of directors has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that we will issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of common shares at prices less than the current market price for our common shares.

Sales of substantial amounts of our securities, or the availability of such securities for sale, as well as the issuance of substantial amounts of our common shares upon conversion of outstanding convertible equity securities, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so.

U.S. holders of 10% or more of the voting power of our common shares may be subject to U.S. federal income taxation at ordinary income tax rates on undistributed earnings and profits.

There is a risk that we will be classified as a controlled foreign corporation, or CFC, for U.S. federal income tax purposes. We will generally be classified as a CFC if more than 50% of our outstanding shares, measured by reference to voting power or value, are owned (directly, indirectly or by attribution) by "U.S. Shareholders." For this purpose, a "U.S. Shareholder" is any U.S. person that owns directly, indirectly or by attribution, 10% or more of the voting power of our outstanding shares. If we are classified as a CFC, a U.S. Shareholder may be subject to U.S. income taxation at ordinary income tax rates on all or a portion of our undistributed earnings and profits attributable to "subpart F income" and may also be subject to tax at ordinary income tax rates on any gain realized on a sale of common shares, to the extent of our current and accumulated earnings and profits attributable to such shares. The CFC rules are complex and U.S. Shareholders of our common shares are urged to consult their own tax advisors regarding the possible application of the CFC rules to them in their particular circumstances.

We are likely a "passive foreign investment company," which may have adverse U.S. federal income tax consequences for U.S. shareholders .

U.S. investors should be aware that we believe we were classified as a PFIC during the tax years ended December 31, 2017 and 2016, and based on current business plans and financial expectations, we believe that we will be a PFIC for the current tax year and may be a PFIC in future tax years. If we are a PFIC for any year during a U.S. shareholder's holding period of our common shares, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of our common shares, or any so-called "excess distribution" received on our common shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election, or QEF Election, or a "mark-to-market" election with respect to our shares. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of our net capital gain and ordinary earnings for any year in which we are a PFIC, whether or not we distribute any amounts to our shareholders. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the common shares over the shareholder's adjusted tax basis therein. Each U.S. shareholder should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership and disposition of our common shares.

The effect of comprehensive U.S. tax reform legislation on the Company is uncertain.

On December 22, 2017, the U.S. government enacted H.R. 1, "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018" (informally titled the "Tax Cuts and Jobs Act"). Among a number of significant changes to the U.S. federal income tax rules, the Tax Cuts and Jobs Act reduces the marginal U.S. corporate income tax rate from 35% to 21%, limits the deduction for net interest expense, shifts the United States toward a more territorial tax system, and imposes new taxes to combat erosion of the U.S. federal income tax base, such as a one-time tax on earnings of certain foreign subsidiaries that were previously tax deferred and a new minimum tax on foreign earnings. The effects of the Tax Cuts and Jobs Act on our company, whether adverse or favorable, are uncertain, and may not become evident for some period of time, but could have a material adverse effect on our business, financial position or results from operations.

It may be difficult for non-Canadian investors to obtain and enforce judgments against us because of our Canadian incorporation and presence.

We are a corporation existing under the laws of the Province of Ontario, Canada. Several of our directors and officers, and several of the experts are residents of Canada, and all or a substantial portion of their assets, and a substantial portion of our assets, are located outside the United States. Consequently, although we have appointed an agent for service of process in the United States, it may be difficult for holders of our securities who reside in the United States to effect service within the United States upon those directors and officers, and the experts who are not residents of the United States. It may also be difficult for holders of our securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon our civil liability and the civil liability of our directors, officers and experts under the United States federal securities laws. Investors should not assume that Canadian courts (i) would enforce judgments of United States courts obtained in actions against us or such directors, officers or experts predicated upon the civil liability provisions of the United States federal securities laws or the securities or "blue sky" laws of any state or jurisdiction of the United States or (ii) would enforce, in original actions, liabilities against us or such directors, officers or experts predicated upon the United States federal securities laws or any securities or "blue sky" laws of any state or jurisdiction of the United States. In addition, the protections afforded by Canadian securities laws may not be available to investors in the United States.

If there are substantial sales of our common shares, the market price of our common shares could decline.

Sales of substantial numbers of our common shares could cause a decline in the market price of our common shares. Any sales by existing shareholders or holders who exercise their warrants or stock options may have an adverse effect on our ability to raise capital and may adversely affect the market price of our common shares.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common shares less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier. We cannot predict if investors will find our common shares less attractive because we may rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our share price may be more volatile.

Any failure to maintain an effective system of internal controls may result in material misstatements of our consolidated financial statements or cause us to fail to meet our reporting obligations or fail to prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares. While we believe that we have sufficient personnel and review procedures to allow us to maintain an effective system of internal controls, we cannot provide assurance that we will not experience potential material weaknesses in our internal control. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations.

If we fail to timely achieve and maintain the adequacy of our internal control over financial reporting, we may not be able to produce reliable financial reports or help prevent fraud. Our failure to achieve and maintain effective internal control over financial reporting could prevent us from complying with our reporting obligations on a timely basis, which could result in the loss of investor confidence in the reliability of our consolidated financial statements, harm our business and negatively impact the trading price of our common shares.

As a foreign private issuer, we are not subject to certain United States securities law disclosure requirements that apply to a domestic United States issuer, which may limit the information which would be publicly available to our shareholders.

As a foreign private issuer, we are not required to comply with all the periodic disclosure requirements of the Exchange Act, and therefore, there may be less publicly available information about us than if we were a United States domestic issuer. For example, we are not subject to the proxy rules in the United States and disclosure with respect to our annual meetings will be governed by Canadian requirements.

Our charter documents and certain Canadian legislation could delay or deter a change of control, limit attempts by our shareholders to replace or remove our current management and limit the market price of our common shares.

Our authorized preferred shares are available for issuance from time to time at the discretion of our board of directors, without shareholder approval. Our articles grant our board of directors the authority to determine the special rights and restrictions granted to or imposed on any unissued series of preferred shares, and those rights may be superior to those of our common shares. Further, the Investment Canada Act subjects any acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount or in other circumstances determined at the discretion of the Canadian government. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be of net benefit to Canada and the Canadian government is satisfied that no other important concerns arise from the acquisition of control. Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities to our shareholders to sell their shares.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

We have implemented a system of internal controls that we believe adequately protects our assets and is appropriate for the nature of our business and the size of our operations. Our internal control system was designed to provide reasonable assurance that all transactions are accurately recorded, that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our assets are safeguarded.

These internal controls include disclosure controls and procedures designed to ensure that information required to be disclosed by us is accumulated and communicated as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting means a process designed by or under the supervision of the Chief Executive Officer and the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As at December 31, 2017, we have assessed the effectiveness of our internal control over financial reporting and disclosure controls and procedures using the Committee of Sponsoring Organizations of the Treadway Commission's 2013 framework. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these controls and procedures are effective.

ADDITIONAL INFORMATION

Additional information regarding our company can be found on SEDAR at www.sedar.com, and on EDGAR at www.sec.gov/edgar.shtml.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

2488 Dunwin Drive
Mississauga, Ontario L5L 1J9
www.trilliumtherapeutics.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of **Trillium Therapeutics Inc.**

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Trillium Therapeutics Inc.** (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information collectively referred to as the "consolidated financial statements".

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017 and December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Basis for Opinion

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 (IFRSs) as issued by the International Accounting Standards Board, 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.

Auditors' 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 and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider internal control relevant to the Company'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 Company's internal control. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies and principles 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 reasonable basis for our audit opinion.

We have served as the Company's auditor since 2004.

Toronto, Canada
March 8, 2018

Chartered Professional Accountants
Licensed Public Accountants

TRILLIUM THERAPEUTICS INC.
Consolidated Statements of Financial Position
Amounts in thousands of Canadian dollars

	Note	As at December 31, 2017 $	As at December 31, 2016 $
ASSETS			
Current			
Cash and cash equivalents		**28,361**	50,473
Marketable securities	3	**53,430**	-
Amounts receivable	4	**669**	527
Prepaid expenses		**960**	402
Total current assets		**83,420**	51,402
Property and equipment	5	**2,882**	3,260
Intangible assets	6	**7,990**	11,850
Other assets		**111**	111
Total non-current assets		**10,983**	15,221
Total assets		**94,403**	66,623
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7,9	**14,092**	5,513
Other current liabilities	8	**428**	403
Total current liabilities		**14,520**	5,916
Loan payable	8	**98**	191
Deferred lease inducement	8	**407**	438
Other liabilities	8	**801**	1,959
Total non-current liabilities		**1,306**	2,588
Total liabilities		**15,826**	8,504
EQUITY			
Common shares	9	**145,920**	103,819
Series I preferred shares	9	**7,586**	7,716
Series II preferred shares	9	**45,120**	24,369
Warrants	9	**6,871**	6,888
Contributed surplus		**15,191**	12,350
Deficit		**(142,111)**	(97,023)
Total equity		**78,577**	58,119
Total liabilities and equity		**94,403**	66,623

Commitments and contingencies *[note 13]*

Approved by the Board and authorized for issue on March 8, 2018:

(signed) Luke Beshar, Director (signed) Henry Friesen, Director

See accompanying notes to the consolidated financial statements

TRILLIUM THERAPEUTICS INC.
Consolidated Statements of Loss and Comprehensive Loss
Amounts in thousands of Canadian dollars, except per share amounts

	Note	**Year ended December 31, 2017 $**	Year ended December 31, 2016 $
EXPENSES			
Research and development	11	**37,135**	29,789
General and administrative	12	**3,861**	3,933
Operating expenses		**40,996**	33,722
Finance income		**(722)**	(417)
Finance costs		**68**	82
Net foreign currency loss		**4,742**	2,027
Net finance costs		**4,088**	1,692
Net loss before income taxes		**45,084**	35,414
Current income tax expense	10	**4**	9
Deferred income tax recovery	10	**-**	(3,690)
Total income tax expense (recovery)		**4**	(3,681)
Net loss and comprehensive loss for the year		**45,088**	31,733
Basic and diluted loss per common share	9(c)	**4.61**	4.06

See accompanying notes to the consolidated financial statements

TRILLIUM THERAPEUTICS INC.
Consolidated Statements of Changes in Equity
Amounts in thousands of Canadian dollars

	Common shares		Series I preferred shares		Series II preferred shares		Warrants	Contributed surplus	Deficit	Total
	Number #	Amount $	Number #	Amount $	Number #	Amount $	$	$	$	$
		(note 9)		(note 9)		(note 9)	(note 9)	(note 9)		
Balance, December 31, 2016	7,845,184	103,819	53,226,191	7,716	1,077,605	24,369	6,888	12,350	(97,023)	58,119
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	(45,088)	(45,088)
Transactions with owners of the Company, recognized directly in equity										
Shares issued, net of issue costs	4,899,674	38,073	-	-	3,650,000	24,473	-	-	-	62,546
Conversion of DSUs from equity to cash settlement	-	-	-	-	-	-	-	(414)	-	(414)
Exercise of warrants	13,332	176	-	-	-	-	(17)	-	-	159
Conversion of preferred shares	389,214	3,852	(900,364)	(130)	(359,202)	(3,722)	-	-	-	-
Share-based compensation	-	-	-	-	-	-	-	3,255	-	3,255
Total transactions with owners of the Company	5,302,220	42,101	(900,364)	(130)	3,290,798	20,751	(17)	2,841	-	65,546
Balance, December 31, 2017	**13,147,404**	**145,920**	**52,325,827**	**7,586**	**4,368,403**	**45,120**	**6,871**	**15,191**	**(142,111)**	**78,577**

	Common shares		Series I preferred shares		Series II preferred shares		Warrants	Contributed surplus	Deficit	Total
	Number #	Amount $	Number #	Amount $	Number #	Amount $	$	$	$	$
		(note 9)		(note 9)		(note 9)	(note 9)	(note 9)		
Balance, December 31, 2015	7,796,137	103,340	53,788,579	7,798	1,077,605	24,369	6,926	8,660	(65,290)	85,803
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	(31,733)	(31,733)
Transactions with owners of the Company, recognized directly in equity										
Exercise of warrants	30,301	397	-	-	-	-	(38)	-	-	359
Conversion of preferred shares	18,746	82	(562,388)	(82)	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	-	-	3,690	-	3,690
Total transactions with owners of the Company	49,047	479	(562,388)	(82)	-	-	(38)	3,690	-	4,049
Balance, December 31, 2016	7,845,184	103,819	53,226,191	7,716	1,077,605	24,369	6,888	12,350	(97,023)	58,119

See accompanying notes to the consolidated financial statements

TRILLIUM THERAPEUTICS INC.
Consolidated Statements of Cash Flows
Amounts in thousands of Canadian dollars

	Note	**Year ended December 31, 2017 $**	Year ended December 31, 2016 $
OPERATING ACTIVITIES			
Net loss for the year		**(45,088)**	(31,733)
Adjustments for items not affecting cash			
Share-based compensation	9	**3,255**	3,690
Interest accretion	8	**50**	65
Amortization of intangible assets	6,11	**3,860**	3,684
Depreciation of property and equipment	5,11	**849**	604
Non-cash change in deferred lease inducement	8	**2**	3
Change in fair value of contingent consideration	8	**(1,158)**	209
Deferred income tax recovery		**-**	(3,690)
Unrealized foreign exchange loss		**3,748**	1,249
		(34,482)	(25,919)
Changes in non-cash working capital balances			
Amounts receivable	4	**(142)**	485
Prepaid expenses		**(558)**	779
Accounts payable and accrued liabilities	7	**8,165**	1,815
Other current liabilities		**(21)**	(23)
Decrease in other assets		-	11
Cash used in operating activities		**(27,038)**	(22,852)
INVESTING ACTIVITIES			
Net purchases of marketable securities		**(56,994)**	**-**
Purchase of property and equipment	5	**(471)**	(2,966)
Acquisition of Fluorinov, net of cash acquired		**-**	(9,575)
Cash used in investing activities		**(57,465)**	(12,541)
FINANCING ACTIVITIES			
Repayment of loan payable	8	**(125)**	(105)
Receipt of deferred lease inducement		**-**	90
Recognition of deferred lease inducement		**(5)**	-
Issuance of share capital, net of issuance costs	9	**62,705**	359
Cash provided by financing activities		**62,575**	344
Impact of foreign exchange rate on cash and cash equivalents		**(184)**	(1,249)
Net decrease in cash and cash equivalents during the year		**(22,112)**	(36,298)
Cash and cash equivalents, beginning of year		**50,473**	86,771
Cash and cash equivalents, end of year		**28,361**	50,473
Supplemental cash flow information			
Preferred shares converted to common shares (note 9)		**3,852**	82

See accompanying notes to the consolidated financial statements

1. Corporate information

Trillium Therapeutics Inc. (the "Company" or "Trillium") is a clinical-stage immuno-oncology company developing innovative therapies for the treatment of cancer. The Company is a corporation existing under the laws of the Province of Ontario. The Company's head office is located at 2488 Dunwin Drive, Mississauga, Ontario, L5L 1J9, and it is listed on the Toronto Stock Exchange and on the NASDAQ Stock Market.

2. Basis of presentation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Company's Board of Directors on March 8, 2018.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for held-for-trading financial assets, cash-settled deferred share units ("DSUs") and contingent consideration, which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, related disclosures of contingent assets and liabilities, and the determination of the Company's ability to continue as a going concern. Actual results could differ materially from these estimates and assumptions. The Company reviews its estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods.

Management has applied significant estimates and assumptions to the following:

Intangible assets

The Company estimates the useful lives of intangible assets from the date they are available for use in the manner intended by management and periodically reviews the useful lives to reflect management's intent about developing and commercializing the assets.

Impairment of long-lived assets

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

2. Basis of presentation (continued)

Valuation of contingent consideration

The fair value of contingent consideration on the acquisition of Fluorinov was calculated using a discounted cash flow approach, where a risk-adjusted discount rate was applied to future cash flows. The discount rates used require significant estimates of probabilities of future preclinical and clinical success that are inherently uncertain. The estimate of the potential timing of future events is also uncertain. Changes in these estimates affect the fair value estimates of other liabilities.

Valuation of share-based compensation and warrants

Management measures the costs for share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate, future employee turnover rates, future exercise behaviours and corporate performance. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based compensation and warrants. The fair value of the cash-settled DSU liability is remeasured at each reporting date, with the change in liability recognized in general and administrative expenses.

Functional currency

Management considers the determination of the functional currency of the Company a significant judgment. Management has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and considered various factors including the currency of historical and future expenditures and the currency in which funds from financing activities are generated. A Company's functional currency is only changed when there is a material change in the underlying transactions, events and conditions.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Fluorinov from the date of its acquisition on January 26, 2016 to the date of its amalgamation on January 1, 2017, and Trillium Therapeutics USA Inc. from its date of incorporation on March 26, 2015.

Subsidiaries are fully consolidated from the date at which control is determined to have occurred and are deconsolidated from the date that the Company no longer controls the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances, and gains and losses on transactions between subsidiaries are eliminated.

(b) Foreign currency

Transactions in foreign currencies are translated to the functional currency at the rate on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange as at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

3. Significant accounting policies (continued)

(c) Financial instruments

Financial assets

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

Cash and cash equivalents
Cash equivalents include guaranteed investment certificates (as at December 31, 2017 and 2016 of $8,800 and $21,529, respectively) with a maturity of 90 days or less. The Company has classified its cash and cash equivalents as fair value through profit or loss.

Marketable Securities
Marketable securities consist of guaranteed investment certificates with a maturity of greater than 90 days and less than one year. The Company has classified its marketable securities as fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method less any impairment losses. The Company has classified its amounts receivable as loans and receivables.

Derecognition
A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, and subsequently at amortized cost using the effective interest rate method. The Company has classified its accounts payable and accrued liabilities and loan payable as financial liabilities.

Derecognition
A financial liability is derecognized when its contractual obligations are discharged, cancelled or expired.

Equity

Common shares, preferred shares and warrants to purchase common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, preferred shares and warrants are recognized as a deduction from equity, net of any tax effects.

(d) Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in profit or loss.

3. Significant accounting policies (continued)

Depreciation
The estimated useful lives and the methods of depreciation are as follows:

Asset	Basis
Lab equipment	20% declining balance
Computer equipment	30% declining balance
Office equipment	20% declining balance
Leaseholds	Straight-line over expected lease term

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate. Depreciation expense is recognized in research and development expenses.

(e) Intangible assets

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are expensed as incurred. No internal development costs have been capitalized to date.

Research and development expenses include all direct and indirect operating expenses supporting the products in development. The costs incurred in establishing and maintaining patents are expensed as incurred.

Intangible assets

Intangible assets that consist of intellectual property are acquired separately and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use in the manner intended by management. The Company is amortizing the intangible assets acquired on the acquisition of Fluorinov Pharma Inc. ("Fluorinov") over four years.

The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing 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 research and development expenses.

3. Significant accounting policies (continued)

(f) Impairment

Financial assets

A financial asset not carried as fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment test is performed, on an individual basis, for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in profit or loss.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

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

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

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

(g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(h) Government assistance

Government assistance relating to research and development is recorded as a reduction of expenses when the related expenditures are incurred.

3. Significant accounting policies (continued)

(i) Share-based compensation

The grant-date fair value of share-based payment awards granted to employees is recognized as personnel costs, with a corresponding increase in contributed surplus, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that met the related service and non-market performance conditions at the vesting date.

For equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in contributed surplus, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it measures their value by reference to the fair value of the equity instruments granted. Transactions measured by reference to the fair value of the equity instruments granted have their fair values remeasured at each vesting and reporting date until fully vested.

(j) Income taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Investment tax credits earned from scientific research and development expenditures are recorded when collectability is reasonably assured.

(k) Loss per share

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

(l) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value. Acquisition costs incurred are expensed and included in general and administrative expenses in the consolidated statements of loss. When the Company acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* in the consolidated statements of loss.

3. Significant accounting policies (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of loss.

(m) New standards, amendments and interpretations adopted during 2017

IAS 7, *Statement of Cash Flows*

In February 2016 the IASB issued amendments to IAS 7 *Statement of Cash Flows* ("IAS 7") which requires entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of this amendment had no impact on the Company's consolidated financial statements.

(n) New standards and interpretations not yet effective

IFRS 9, *Financial Instruments*

In October 2010 the IASB published amendments to IFRS 9 *Financial Instruments* ("IFRS 9") which provides added guidance on the classification and measurement of financial assets and liabilities. In July 2014, the IASB issued its final version of IFRS 9, which completes the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* . The final standard is mandatorily effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company believes that the adoption of this standard will not have a material impact in the measurement and classification of financial instruments on the consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company has determined that the adoption of this standard will not have an impact on the consolidated financial statements.

IFRS 16, *Leases*

In January 2016 the IASB issued IFRS 16 *Leases* ("IFRS 16") which requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. The new standard will be effective for annual periods beginning on or after January 1, 2019 with limited early application permitted. The Company has not yet determined the impact of this standard on its consolidated financial statements.

Amounts in thousands of Canadian dollars, except per share amounts and where noted

4. Amounts receivable

	December 31, 2017 $	December 31, 2016 $
Government receivable	**412**	503
Interest receivable	**257**	24
	669	527

5. Property and equipment

	Lab equipment $	Computer equipment $	Office equipment and leaseholds $	Total $
Cost				
Balance, December 31, 2015	710	97	285	1,092
Additions	834	148	1,984	2,966
Disposals	-	-	(9)	(9)
Balance, December 31, 2016	1,544	245	2,260	4,049
Additions	356	41	74	471
Balance, December 31, 2017	**1,900**	**286**	**2,334**	**4,520**
Accumulated depreciation				
Balance, December 31, 2015	135	50	10	195
Depreciation	198	47	358	603
Disposals	-	-	(9)	(9)
Balance, December 31, 2016	333	97	359	789
Depreciation	278	61	510	849
Balance December 31, 2017	**611**	**158**	**869**	**1,638**
Net carrying amounts				
December 31, 2016	1,211	148	1,901	3,260
December 31, 2017	**1,289**	**128**	**1,465**	**2,882**

Amounts in thousands of Canadian dollars, except per share amounts and where noted

6. Intangible assets

	Total $
Cost	
Balance, December 31, 2015	1,018
Fluorinov acquisition	15,440
Balance, December 31, 2016 and 2017	**16,458**
Accumulated amortization	
Balance, December 31, 2015	924
Amortization	3,684
Balance, December 31, 2016	4,608
Amortization	3,860
Balance, December 31, 2017	**8,468**
Net carrying amounts	
December 31, 2016	11,850
December 31, 2017	**7,990**

On January 26, 2016, Trillium purchased all the issued and outstanding shares of Fluorinov, a private oncology company, to access its proprietary medicinal chemistry platform. The acquisition date fair value of consideration transferred and the fair value of identifiable assets acquired and liabilities assumed were as follows:

	$
Fair value of consideration paid:	
Cash	10,000
Working capital deficiency	(134)
Contingent consideration	1,750
	11,616
Assets acquired:	
Cash	291
Amount due from Fluorinov shareholders	37
Acquired technology	15,440
	15,768
Liabilities assumed:	
Accounts payable and accrued liabilities	462
Deferred tax liabilities	3,690
	4,152
Net identifiable assets acquired	11,616

The upfront consideration for Fluorinov was $10,000 less the working capital deficiency of $134. The Company may also incur up to $35,000 of future payments contingent on Trillium achieving certain clinical and regulatory milestones with an existing Fluorinov compound. The amount of contingent consideration recognized by the Company as of the acquisition date was $1,750 and has been classified as other liabilities on the consolidated statement of financial position. The fair value of the contingent consideration was calculated using a discounted cash flow approach, where a risk-adjusted discount rate was applied to future cash flows. Trillium also has an obligation to pay royalty payments on future sales of such compounds.

At Trillium's discretion, up to 50% of the future contingent payments can be satisfied through the issuance of common shares of Trillium provided that the aggregate number of common shares issuable under such payments will not exceed 1,558,447 common shares unless shareholder approval has first been obtained. In addition, any such future share issuance remains subject to final approval from Trillium's board of directors and receipt of any requisite approvals under the applicable rules of the Toronto Stock Exchange and the NASDAQ Stock Market. Trillium has also committed to use commercially reasonable efforts to monetize Fluorinov's central nervous system assets and share 50% of the net proceeds with Fluorinov shareholders.

Amounts in thousands of Canadian dollars, except per share amounts and where noted

6. Intangible assets (continued)

Cash used in the acquisition was determined as follows:

	$
Cash consideration	9,866
Less cash acquired	291
	9,575

Acquisition costs incurred by the Company and included in general and administrative expenses for the year ended December 31, 2016, was $107.

In connection with the acquisition, the Company established deferred tax liabilities related to the acquired identifiable intangible assets and determined that these deferred tax liabilities exceeded the acquired deferred tax assets. This allowed the Company to realize a deferred tax benefit of $3,690 by releasing the valuation allowance associated with the Company's overall deferred tax assets.

The acquisition of Fluorinov was considered a related party transaction as two Company directors were determined to be related parties of Fluorinov. One Company director was a director of Fluorinov and had an ownership position in Fluorinov at the time of acquisition of less than 2%, and the second director was a director of an entity that was a beneficiary of a trust that was a shareholder and debenture holder of Fluorinov. The two directors declared their conflict of interest and abstained from all discussions and decisions concerning the Fluorinov acquisition. Accordingly, the Company determined that the consideration paid on the acquisition was made on terms equivalent to those that prevail in arm's-length transactions.

7. Accounts payable and accrued liabilities

	December 31, 2017 $	December 31, 2016 $
Trade and other payables	**2,335**	1,086
Accrued liabilities	**10,363**	3,978
Due to related parties	**1,394**	449
	14,092	5,513

Amounts due to related parties include expense reimbursements, and cash-settled Deferred Share Units.

8. Non-current liabilities

(a) Trillium is indebted to the Federal Economic Development Agency for Southern Ontario under a non-interest bearing contribution agreement and is making monthly repayments of $10 through November 2019. As at December 31, 2017 and 2016, the balance repayable was $211 and $335, respectively. The loan payable was discounted using an estimated market interest rate of 15%. Interest expense accretes on the discounted loan amount until it reaches its face value at maturity.

(b) As at December 31, 2017 and 2016, the Company had a deferred lease inducement of $407 and $438 respectively, for a facility lease. The inducement benefit is being recognized over the expected term of the lease.

8. Non-current liabilities (continued)

(c) As at December 31, 2017 and 2016, the Company had a long-term liability of $801 and $1,959, respectively, related to contingent consideration on the acquisition of Fluorinov. For the year ended December 31, 2017, the remeasurement of the fair value of the contingent consideration recognized an increase in the time estimate and increased risk of reaching the potential milestones, resulting in a net expense reduction of $1,158 which is included in research and development expenses.

The current portions of the loan payable and deferred lease inducement are included in other current liabilities in the condensed consolidated statements of financial position.

9. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares, Class B shares and First Preferred Shares, in each case without nominal or par value. Common shares are voting and may receive dividends as declared at the discretion of the board of directors. Class B shares are non-voting and convertible to common shares at the holder's discretion, on a one-for-one basis. Upon dissolution or wind-up of the Company, Class B shares participate rateably with the common shares in the distribution of the Company's assets. First Preferred Shares have voting rights as decided upon by the board of directors at the time of grant. Upon dissolution or wind-up of the Company, First Preferred Shares are entitled to priority over common and Class B shares.

The Company has Series I First Preferred Shares that are non-voting, may receive dividends as declared at the discretion of the board of directors, and are convertible to common shares at the holder's discretion, on the basis of 30 Series I First Preferred Shares for one common share.

The Company has Series II First Preferred Shares that are non-voting, may receive dividends as declared at the discretion of the board of directors, and are convertible to common shares at the holder's discretion, on the basis of one Series II First Preferred Share for one common share.

Holders may not convert Series I or Series II First Preferred Shares into common shares if, after giving effect to the exercise of conversion, the holder would have beneficial ownership or direction or control over common shares in excess of 4.99% of the then outstanding common shares. This limit may be raised at the option of the holder on 61 days' prior written notice: (i) up to 9.99%, (ii) up to 19.99%, subject to clearance of a personal information form submitted by the holder to the Toronto Stock Exchange, and (iii) above 19.99%, subject to approval by the Toronto Stock Exchange and shareholder approval.

(b) Share capital issued – year ended December 31, 2017

In June 2017, the Company completed an underwritten public offering of common shares and non-voting convertible preferred shares in the United States. In the offering, the Company sold 2,949,674 common shares and 3,250,000 Series II Non-Voting Convertible First Preferred Shares at a price of U.S. $5.00 per share. The gross proceeds from this offering were $41,847 (U.S. $30,998) before deducting offering expenses of $2,856.

Concurrently with the closing of the offering, the Company amended the terms of certain common share purchase warrants held by an existing institutional investor. The warrants were previously exercisable to acquire up to 1,190,476 common shares at an exercise price of $8.40 per common share until December 13, 2018 (in each case after giving effect to the 30:1 consolidation previously effected by the Company). Pursuant to the amendment, each warrant (the "Preferred Warrants") will now be exercisable, at the discretion of the holder, to acquire either one common share or one Series II Non-Voting Convertible First Preferred Share. All other terms of the warrants (including the aggregate number of shares issuable on exercise of the warrants, the exercise price and the expiry date) remain unchanged.

In December 2017, the Company completed a non-brokered private placement financing and sold 1,950,000 common shares and 400,000 Series II Non-Voting Convertible Preferred Shares at a price of U.S. $8.50 per share yielding gross proceeds of $25,338 (U.S. $19,975) before deducting offering expenses of $1,784.

Amounts in thousands of Canadian dollars, except per share amounts and where noted

9. Share capital (continued)

During the year ended December 31, 2017, 13,332 common shares were issued on the exercise of 399,980 warrants for proceeds of $159; 900,364 Series I First Preferred Shares were converted into 30,012 common shares; and 359,202 Series II First Preferred Shares were converted into 359,202 common shares.

Share capital issued – year ended December 31, 2016

During the year ended December 31, 2016, 30,301 common shares were issued on the exercise of 909,059 warrants for proceeds of $359; and 562,388 Series I First Preferred Shares were converted into 18,746 common shares.

(c) Weighted average number of common shares

The weighted average number of common shares outstanding for the years ended December 31, 2017 and 2016 were 9,771,021 and 7,820,196, respectively. The Company has not adjusted its weighted average number of common shares outstanding in the calculation of diluted loss per share, as any adjustment would be antidilutive.

(d) Warrants

The following table shows the number of common share purchase warrants outstanding, the exercise prices, the number of common shares issuable on exercise of the warrants and the exercise price per common share for 30 warrants as at December 31, 2017:

Expiry dates	Number of warrants	Exercise price	Number of common shares issuable on exercise	Exercise price per common share (30 warrants)
March 2018	8,240,455	$ 0.40	274,682	$ 12.00
December 2018	60,832,576	$ 0.28	2,027,753	$ 8.40
	69,073,031		2,302,435	

Changes in the number of outstanding warrants that are exercisable into common shares during the years ended December 31 were as follows:

	2017		2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	**105,187,297**	**$ 0.29**	106,096,356	$ 0.29
Warrant amendment	**(35,714,286)**	**0.28**	-	-
Exercised	**(399,980)**	**0.40**	(909,059)	0.40
Balance, end of year	**69,073,031**	**$ 0.29**	105,187,297	$ 0.29

Amounts in thousands of Canadian dollars, except per share amounts and where noted

9. Share capital (continued)

The following table shows the number of Preferred Warrants outstanding and their exercise price to acquire either one common share or one Series II Preferred Share at the option of the warrant holder as at December 31, 2017:

Expiry date	Number of Preferred Warrants	Exercise Price
December 2018	1,190,476	$ 8.40
	1,190,476	

(e) Stock option plan

Stock options granted are equity-settled, have a vesting period of four years and have a maximum term of ten years. The total number of common shares available for issuance under the Company's 2016 Stock Option Plan is 1,894,501. As at December 31, 2017, the Company was entitled to issue an additional 147,519 stock options under the 2016 Stock Option Plan.

Changes in the number of options outstanding during the years ended December 31 were as follows:

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	**1,380,237**	**$ 13.38**	927,834	$ 14.07
Granted	**377,078**	**11.00**	470,321	12.60
Forfeited	**(10,000)**	**12.01**	(12,500)	28.52
Expired	**(333)**	**30.00**	(5,418)	30.00
Balance, end of year	**1,746,982**	**$ 12.87**	1,380,237	$ 13.38
Options exercisable, end of year	**845,336**	**$ 12.80**	509,750	$ 12.18

The following table reflects stock options outstanding as at December 31, 2017:

	Stock options outstanding			Stock options exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$6.36 - $9.89	547,961	7.6	$8.44	291,977	$8.23
$10.35 - $12.22	526,705	8.0	$11.26	223,794	$10.36
$13.98 - $15.30	311,125	8.4	$14.02	124,446	$14.04
$17.00 - $23.44	332,191	7.7	$20.33	186,390	$20.54
$28.05	29,000	7.4	$28.05	18,729	$28.05
	1,746,982	7.9	$12.87	845,336	$12.80

Amounts in thousands of Canadian dollars, except per share amounts and where noted

9. Share capital (continued)

Share-based compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model with the weighted average assumptions for the years ended December 31 as follows:

	2017	2016
Expected option life	**6 years**	6 years
Risk-free interest rate	**1.6%**	0.7%
Dividend yield	**0%**	0%
Expected volatility	**87%**	84%

The Black-Scholes option pricing model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires highly subjective assumptions, including future stock price volatility and average option life, which significantly affect the calculated values.

The risk-free interest rate is based on the implied yield on a Government of Canada zero-coupon issue with a remaining term equal to the expected term of the option. Expected volatility was determined using a combination of historical volatilities of a peer group of biotechnology companies and the Company's own historical volatility. The life of the options is estimated considering the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The forfeiture rate is an estimate based on historical evidence and future expectations. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

For the years ended December 31, 2017 and 2016, the Company issued 377,078 and 470,321 stock options with a fair value of $3,030 and $4,163 and a weighted average grant date fair value of $8.03 and $8.85, respectively.

(f) Deferred Share Unit Plan

The shareholders of the Company approved the 2014 Deferred Share Unit Plan (the "2014 DSU Plan") on May 27, 2014 and the reservation for issuance of up to 66,667 common shares under the plan. DSUs granted under the 2014 DSU Plan were equity-settled. There were no DSUs issued during the year ended December 31, 2016. A total of 51,788 DSUs were outstanding under this plan as at December 31, 2016 and March 8, 2017.

The board of directors approved a new cash-settled DSU plan (the "Cash-Settled DSU Plan") on November 9, 2016 and granted 47,614 DSUs for the payment of directors' fees that will ultimately be cash-settled. On March 9, 2017, the board of directors amended the terms of all outstanding equity-settled DSUs to be settled in cash. The 2014 DSU Plan was subsequently terminated resulting in a reclassification of $414 from contributed surplus to accrued liabilities and the Cash- Settled DSU Plan continues as the only DSU plan of the Company. On November 9, 2017, 46,187 DSUs were granted for payment of directors' fees. The fair values of DSUs under this plan as at December 31, 2017 and 2016 were $1,349 and $362, respectively. As at December 31, 2017, there were 145,589 DSUs outstanding under this plan.

10. Income taxes

Income taxes recoverable have not been recognized in the consolidated statements of loss, as the Company has been incurring losses since inception, and it is not probable that future taxable profits will be available against which the accumulated tax losses can be utilized.

Amounts in thousands of Canadian dollars, except per share amounts and where noted

10. Income taxes (continued)

(a) Unrecognized deferred tax assets

As at December 31, 2017 and 2016, deferred tax assets have not been recognized with respect to the following items:

	2017	2016
	$	$
Non-capital losses carried forward	**25,078**	17,604
Tax credits carried forward	**5,908**	4,318
Accounting basis of property and equipment and intangible assets in excess of tax basis	**48**	(1,288)
Scientific research and experimental development expenditures	**9,441**	7,353
Share issue costs and other	**1,182**	346
	41,657	28,333

(b) As at December 31, 2017 and 2016, the Company had available research and development expenditures of approximately $35,628 and $27,746, respectively, for income tax purposes, which may be carried forward indefinitely to reduce future years' taxable income. As at December 31, 2017 and 2016, the Company also had unclaimed Canadian scientific research and development tax credits of 7,483 and $5,458, respectively, which are available to reduce future taxes payable with expiries from 2018 through 2037. The benefit of these expenditures and tax credits has not been recorded in the accounts.

(c) As at December 31, 2017, the Company has accumulated non-capital losses for federal and provincial income tax purposes in Canada that are available for application against future taxable income. The benefit of these losses has not been recorded in the accounts.

The non-capital tax losses expire as follows:

	Federal
	$
2025	3,213
2026	6,457
2027	4,659
2028	4,169
2029	3,784
2030	1,905
2031	1,624
2032	2,883
2033	2,132
2034	5,708
2035	9,172
2036	20,724
2037	28,203
	94,633

Amounts in thousands of Canadian dollars, except per share amounts and where noted

10. Income taxes (continued)

(d) The reconciliation of the Canadian statutory income tax rate applied to the net loss for the year to the income tax expense is as follows:

	2017	2016
	$	$
Statutory income tax rate	**26.5%**	26.5%
Income tax recovery based on statutory income tax rate	**(11,966)**	(9,388)
Investment tax credits	**(1,567)**	(1,204)
Share-based compensation and other	**213**	4,705
Change in unrecognized tax assets	**13,324**	2,206
Income tax expense	**4**	(3,681)

11. Research and development

Components of research and development expenses for the years ended December 31 were as follows:

	2017	2016
	$	$
Research and development programs, excluding the below items	**22,831**	16,084
Salaries, fees and short-term benefits	**7,969**	6,256
Share-based compensation	**2,911**	3,192
Amortization of intangible assets	**3,860**	3,684
Change in fair value of contingent consideration	**(1,158)**	209
Depreciation of property and equipment	**849**	604
Tax credits	**(127)**	(240)
	37,135	29,789

12. General and administrative

Components of general and administrative expenses for the years ended December 31 were as follows:

	2017	2016
	$	$
General and administrative expenses, excluding the below items	**1,469**	1,790
Salaries, fees and short-term benefits	**2,038**	1,824
Change in fair value of deferred share units	**10**	**(** 178)
Share-based compensation	**344**	497
	3,861	3,933

13. Commitments and contingencies

As at December 31, 2017, the Company had obligations to make future payments, representing significant research and development contracts and other commitments that are known and committed in the amount of approximately $9,709. These commitments include agreements related to the conduct of the Phase I clinical trials, sponsored research, manufacturing and preclinical studies. The Company also has minimum lease payments for operating lease commitments, primarily for its office and laboratory lease, in the amount of $257 over the next 12 months, $1,021 from 12 to 60 months, and $770 thereafter. The facility lease contains options for early termination and for lease extension.

13. Commitments and contingencies (continued)

The Company enters into research, development and license agreements in the ordinary course of business where the Company receives research services and rights to proprietary technologies. Milestone and royalty payments that may become due under various agreements are dependent on, among other factors, clinical trials, regulatory approvals and ultimately the successful development of a new drug, the outcome and timing of which are uncertain. Under the license agreement for SIRPαFc, the Company has future contingent milestones payable of $25 related to successful patent grants, $200 and $300 on the first patient dosed in phase II and III trials respectively, and regulatory milestones on their first achievement totalling $5,000.

In connection with the acquisition of Fluorinov, the Company is obligated to pay up to $35,000 of additional future payments that are contingent upon achieving certain clinical and regulatory milestones with an existing Fluorinov compound. The Company also has an obligation to pay royalty payments on future sales of such compounds. At Trillium's discretion, up to 50% of the future contingent payments can be satisfied through the issuance of common shares of Trillium provided that the aggregate number of common shares issuable under such payments will not exceed 1,558,447 common shares unless shareholder approval has first been obtained. In addition, any such future share issuance remains subject to final approval from Trillium's board of directors and receipt of any requisite approvals under the applicable rules of the Toronto Stock Exchange and the NASDAQ Stock Market. Trillium has also committed to use commercially reasonable efforts to monetize Fluorinov's central nervous system assets and share 50% of the net proceeds with Fluorinov shareholders.

The acquisition of Fluorinov was considered a related party transaction as two Company directors were determined to be related parties of Fluorinov. One Company director was a director of Fluorinov and had an ownership position in Fluorinov at the time of acquisition of less than 2%, and the second director was a director of an entity that was a beneficiary of a trust that was a shareholder and debenture holder of Fluorinov. The two directors declared their conflict of interest and abstained from all discussions and decisions concerning the Fluorinov acquisition. Accordingly, the Company determined that the consideration paid on the acquisition was made on terms equivalent to those that prevail in arm's length transactions.

The Company has two agreements with Catalent Pharma Solutions pursuant to which Trillium acquired the right to use a proprietary expression system for the manufacture of two SIRPαFc constructs. Consideration for each license includes potential pre-marketing approval milestones of up to U.S. $875 and aggregate sales milestone payments of up to U.S. $28,750.

The Company periodically enters into research and license agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken by or on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the consolidated financial statements with respect to these indemnification obligations.

14. Related parties

For the years ended December 31, 2017 and 2016, the key management personnel of the Company were the Board of Directors, Chief Executive Officer, Chief Medical Officer, Chief Scientific Officer, Chief Financial Officer and the Chief Development Officer.

Amounts in thousands of Canadian dollars, except per share amounts and where noted

14. Related parties (continued)

Compensation for key management personnel of the Company for the years ended December 31 was as follows:

	2017	2016
	$	$
Salaries, fees and short-term benefits	**3,805**	3,108
Share-based compensation	**2,595**	3,512
Total	**6,400**	6,620

Executive officers and directors participate in the 2014 Stock Option Plan, the 2014 DSU Plan and the Cash-Settled DSU Plan, and officers participate in the Company's benefit plans. Directors receive annual fees for their services. As at December 31, 2017, the key management personnel controlled approximately 1% of the voting shares of the Company.

Outstanding balances with related parties at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

15. Operating segment

The Company has a single operating segment, the research and development therapies for the treatment of cancer. Substantially all of the Company's operations, assets and employees are in Canada.

16. Management of capital

The Company defines its capital as share capital, warrants and contributed surplus. The Company's objectives when managing capital are to ensure there are sufficient funds available to carry out its research and development programs. To date, these programs have been funded primarily through the sale of equity securities and the exercise of common share purchase warrants. The Company also sources non-dilutive funding by accessing grants, government assistance and tax incentives, and through partnerships with corporations and research institutions. The Company uses budgets and purchasing controls to manage its costs. The Company is not exposed to any externally imposed capital requirements.

17. Financial instruments

Fair value

IFRS 13 *Fair Value Measurement* provides a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs are those that reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions with respect to how market participants would price an asset or liability. These two inputs used to measure fair value fall into the following three different levels of the fair value hierarchy:

Level 1 Quoted prices in active markets for identical instruments that are observable.
Level 2 Quoted prices in active markets for similar instruments; inputs other than quoted prices that are observable and derived from or corroborated by observable market data.
Level 3 Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The hierarchy requires the use of observable market data when available.

The Company has classified cash and cash equivalents as Level 1. The marketable securities and loan payable has been classified as Level 2.

Cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and other current liabilities, due within one year, are all short-term in nature and, as such, their carrying values approximate fair values. Marketable securities, which primarily include guaranteed investment certificates held by the Company, are valued at fair value. The fair value of the non-current loan payable is estimated by discounting the expected future cash flows at the cost of money to the Company, which is equal to its carrying value.

17. Financial instruments (continued)

Risks

The Company has exposure to credit risk, liquidity risk, interest rate risk and currency risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the board of directors is responsible for reviewing the Company's risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, marketable securities and amounts receivable. The carrying amount of these financial assets represents the maximum credit exposure. The Company follows an investment policy to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs. Cash is on deposit with major Canadian chartered banks and the Company invests in high grade short-term instruments. Amounts receivable are primarily comprised of amounts due from the federal government.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is a development stage company and is reliant on external fundraising to support its operations. Once funds have been raised, the Company manages its liquidity risk by investing in cash and short-term instruments to provide regular cash flow for current operations. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The board of directors reviews and approves the Company's operating and capital budgets, as well as any material transactions not in the ordinary course of business.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds its cash in bank accounts or high interest savings accounts that have a variable rate of interest. The Company manages its interest rate risk by holding highly liquid short-term instruments and by holding its investments to maturity, where possible. For the year ended December 31, 2017, the Company earned interest income of $722. Therefore, a 100 basis points change in the average interest rate for the year would have a net impact on finance income of $7.

(d) Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, which are primarily expenses in U.S. dollars. As at December 31, 2017, the Company held U.S. dollar cash and cash equivalents and marketable securities in the amount of U.S. $58,627, and had U.S. dollar denominated accounts payable and accrued liabilities in the amount of U.S. $6,778. Therefore, a 1% change in the foreign exchange rate would have a net impact on finance costs as at December 31, 2017 of $673.

U.S. dollar expenses for the years ended December 31, 2017 was approximately U.S. $15,040. Varying the U.S. exchange rate for the year ended December 31, 2017 to reflect a 1% strengthening of the Canadian dollar would have decreased the net loss by approximately $195 assuming that all other variables remained constant.

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934

I, Niclas Stiernholm, certify that:

1. I have reviewed this annual report on Form 40-F of Trillium Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 9, 2018

/s/ Niclas Stiernholm
Niclas Stiernholm
President and Chief Executive Officer

Exhibit 99.5

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934

I, James Parsons, certify that:

1. I have reviewed this annual report on Form 40-F of Trillium Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 9, 2018

/s/ James Parsons
James Parsons
Chief Financial Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 40-F of Trillium Therapeutics Inc. (the "Company") for the period ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Niclas Stiernholm, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Niclas Stiernholm
Niclas Stiernholm
President and Chief Executive Officer

March 9, 2018

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 40-F of Trillium Therapeutics Inc. (the "Company") for the period ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Parsons, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James Parsons
James Parsons
Chief Financial Officer

March 9, 2018

Exhibit 99.8

Consent of Independent Registered Public Accounting Firm

We consent to the use in the Annual Report on Form 40-F and to the incorporation by reference in the Registration Statement on Form F-10 (File No. 333- 222085) of Trillium Therapeutics Inc., of our report dated March 8, 2018, with respect to the consolidated financial statements of Trillium Therapeutics Inc. as at and for the years ended December 31, 2017 and 2016.

/s/ Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 8, 2018