BriaCell Therapeutics Corp.

Consolidated Financial Statements

For the Years Ended July 31, 2019 and 2018

Expressed in Canadian Dollars

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of BriaCell Therapeutics Corp.,

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of BriaCell Therapeutics Corp. (the Company) as of July 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years ended July 31, 2019, 2018 and 2017, and the related notes (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 of July 31, 2019 and 2018, and the results of its consolidated operations and its consolidated cash flows for each of the years ended July 31, 2019, 2018 and 2017 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered losses from inception and negative operating cash flows that raise substantial doubt about its ability to continue as a going concern. Management's plans with regards to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 2015.

Mississauga, Ontario

October 21, 2019

BriaCell Therapeutics Corp

Consolidated Statements of Financial Position
As at July 31, 2019 and 2018
(Expressed in Canadian Dollars)

		July 31, 2019		July 31, 2018
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**192,916**	$	938,448
Short-term investments		**-**		1,341,043
Amounts receivables		**3,459**		18,975
Prepaid expenses		**10,667**		147,734
Total current assets		**207,042**		2,446,200
Security deposits		**-**		172,980
Investments		**2**		2
Intellectual property (Note 5)		**339,215**		357,958
Total Assets	**$**	**546,259**	$	2,977,140
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 10)	**$**	**996,172**	$	285,712
Unsecured convertible loan (Note 6)		**396,224**		1,460,138
Total liabilities		**1,392,396**		1,745,850
Shareholders' equity				
Share capital (Note 7(b))		**13,651,217**		10,213,174
Share-based payment reserve (Note 8)		**877,089**		905,257
Warrant reserve (Note 7(c))		**2,870,442**		2,907,337
Accumulated other comprehensive loss		**(124,295)**		(105,514)
Deficit		**(18,120,590)**		(12,688,964)
Total shareholders' equity		**(846,137)**		1,231,290
Total liabilities and shareholders' equity	**$**	**546,259**	$	2,977,140

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 15)
Events After the Reporting Period (Note 16)

These consolidated financial statements were approved and authorized for issue on behalf of the Board of Directors on October 21, 2019 by:

On behalf of the Board:

"Jamieson Bondarenko"	*"William Williams"*
Director	Director

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

BriaCell Therapeutics Corp

Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended July 31, 2019, 2018 and 2017
(Expressed in Canadian Dollars)

	Years ended July 31,		
	2019	**2018**	**2017**
Expenses:			
Research and development costs (Note 13)	**$ 4,917,287**	$ 3,112,579	$ 2,125,941
General and administration costs (Note 14)	**1,244,471**	1,387,713	820,281
Share-based compensation (Note 8,10)	**60,586**	476,211	272,014
Total Expenses	**6,222,344**	4,976,503	3,218,236
Operating Loss	**(6,222,344)**	(4,976,503)	(3,218,236)
Interest income	**12,004**	15,991	6,428
Interest expense (Note 6)	**(31,317)**	(20,364)	-
Change in fair value of convertible debt (Note 6)	**420,585**	(407,709)	-
Foreign exchange gain (loss)	**31,410**	(24,078)	(8,913)
	432,682	(436,160)	(2,485)
Loss For The Year	**(5,789,662)**	(5,412,663)	(3,220,721)
Items That Will Subsequently Be Reclassified To Profit Or Loss			
Foreign currency translation adjustment	**(18,781)**	(33,340)	41,828
	(18,781)	(33,340)	41,828
Comprehensive Loss for the Year	**$ (5,808,443)**	$ (5,446,003)	$ (3,178,893)
Basic and Fully Diluted Loss Per Share	**$ (0.03)**	$ (0.04)	$ (0.03)
Weighted Average Number Of Shares Outstanding	**173,899,129**	128,344,435	101,912,205

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

BriaCell Therapeutics Corp

Consolidated Statements of Cash Flows
For the Years Ended July 31, 2019, 2018 and 2017
(Expressed in Canadian Dollars)

	Years ended July 31,		
	2019	**2018**	**2017**
Cash flow from operating activities			
Net loss for the year	**$ (5,789,662)**	$ (5,412,663)	$ (3,220,721)
Items not affecting cash:			
Depreciation and amortization	**18,743**	16,894	290
Share-based compensation	**60,586**	476,211	272,014
Accrued interest expense	**-**	20,364	-
Change in fair value of convertible loan	**(420,585)**	407,709	-
Changes in non cash working capital:			
Amounts receivable	**15,516**	(11,994)	(3,494)
Prepaid expenses	**137,067**	(117,051)	(2,250)
Security deposits	**172,980**	(151,413)	-
Accounts payable and accrued liabilities	**710,460**	(186,650)	1,040,677
	(5,094,895)	(4,958,593)	(1,913,484)
Cash flow from investing activities			
Change in short-term investments	**1,341,043**	(591,043)	150,000
	1,341,043	(591,043)	150,000
Cash flow from financing activities			
Proceeds for private placements	**2,973,324**	4,332,232	3,046,900
Share issuance cost	**(117,540)**	(465,849)	(238,389)
Proceeds from unsecured convertible loan	**-**	1,138,919	-
Proceeds from exercise of warrants	**140,000**	286,020	88,959
	2,995,784	5,291,322	2,897,470
Increase (Decrease) in cash and cash equivalents	**(758,068)**	(258,314)	1,133,986
Effect of changes in foreign exchange rates	**12,536**	(67,667)	(41,422)
Cash and cash equivalents, beginning of year	**938,448**	1,264,429	171,865
Cash and cash equivalents, end of year	**$ 192,916**	$ 938,448	$ 1,264,429

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

BriaCell Therapeutics Corp

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	SHARE CAPITAL SHARES	AMOUNT	SHARE-BASED PAYMENT RESERVE	WARRANT RESERVE	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY (DEFICIT)
Balance, July 31, 2016	91,302,369	$ 4,489,797	$ 1,042,207	$ 1,107,863	$ (30,346)	$ (5,581,404)	$ 1,028,117
Private Placement (Note 7(b)(i))	8,500,000	948,258	-	537,503	-	-	1,485,761
Private Placement (Note 7(b)(iv))	5,612,083	1,060,961	-	261,788	-	-	1,322,749
Exercise of warrants (Note 7(b)(i),(ii),(iii),(v))	490,109	110,599	-	(21,639)	-	-	88,960
Share-based compensation	-	-	272,014	-	-	-	272,014
Expiration of compensation warrants (Note 7(d)(i))	-		-	(44,067)	-	44,067	-
Cancellation of stock options (Note 8)	-	-	(429,458)	-	-	429,458	-
Foreign exchange translation	-	-	-	-	(41,828)	-	(41,828)
Loss for the year	-	-	-	-	-	(3,220,721)	(3,220,721)
Balance, July 31, 2017	**105,904,561**	**6,609,615**	**884,763**	**1,841,448**	**(72,174)**	**(8,328,600)**	**935,052**
Private Placement (Note 7(b)(vii))	4,058,441	631,785	-	-	-	-	631,785
Acquisition of Sapientia (Note 7(b)(viii))	2,500,002	375,000	-	-	-	-	375,000
Exercise of warrants (Note 7(b)(ix))	2,043,000	351,557	-	(65,537)	-	-	286,020
Private Placement (Note 7(b)(x))	43,322,322	2,644,659	-	1,687,573	-	-	4,332,232
Share issuance costs	-	(465,850)	-	-	-	-	(465,850)
Issuance of shares on conversion of Convertible Notes (Note 7(b)(xi))	1,068,426	66,408	-	40,435	-	-	106,843
Issuance of warrants on conversion of Convertible Notes	-	-	-	97,875	-	-	97,875
Expiration of warrants and compensation warrants (Note 8(d)(ii))	-	-	-	(694,457)	-	694,457	-
Share-based compensation	-	-	378,336	-	-	-	378,336
Expiration of options	-	-	(357,842)	-	-	357,842	-
Foreign exchange translation	-	-	-	-	(33,340)	-	(33,340)
Loss for the year	-	-	-	-	-	(5,412,663)	(5,412,663)
Balance, July 31, 2018	**158,896,752**	**10,213,174**	**905,257**	**2,907,337**	**(105,514)**	**(12,688,964)**	**1,231,290**
Issuance of shares and warrants on conversion of Convertible Notes (Note 7(b)(xii))	6,746,458	408,119	-	266,526	-	-	674,645
Exercise of warrants (Note 7(b)(xiii))	1,000,000	174,140	-	(34,140)	-	-	140,000
Private Placement (Note 7(b)(xiv))	29,735,240	2,855,784	-	-	-	-	2,855,784
Expiration of warrants (Note 7(c)(ii))	-		-	(269,282)	-	269,282	-
Expiration of options (Note 8(iv))	-	-	(88,754)	-	-	88,754	-
Share-based compensation (Note 8(v))	-	-	60,586	-	-	-	60,586
Foreign exchange translation	-	-	-	-	(18,781)		(18,781)
Loss for the year	-	-	-	-	-	(5,789,662)	(5,789,662)
Balance, July 31, 2019	**196,378,450**	**$ 13,651,217**	**$ 877,089**	**$ 2,870,442**	**$ (124,295)**	**$ (18,120,590)**	**$ (846,137)**

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

1. Nature of Operations and Going Concern

BriaCell Therapeutics Corp. ("BriaCell" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 26, 2006 and is listed on the TSX Venture Exchange ("TSX Venture"). The Company trades on the TSX Venture under the symbol "BCT.V".

The Company's head office is located at Suite 300 – 235 West 15th Street, West Vancouver, British Columbia, V7T 2X1.

BriaCell is an immuno-oncology biotechnology company. BriaCell owns the US patent to Bria-IMT™, a whole-cell cancer vaccine (US Patent No.7674456) (the "Patent"). The Company is currently advancing its immunotherapy program, Bria-IMT™, to complete a 24-subject Phase I/IIa clinical trial and by research activities in the context of BriaDx™, a companion diagnostic test to identify patients likely benefitting from Bria-IMT™.

The accompanying consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception of $18,120,590 (July 31, 2018 - $12,688,964), and negative cash flows from operations of $5,094,895 (2018- $4,958,593, 2017- $1,913,484) is currently in the development stage and has not commenced commercial operations. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. As at July 31, 2019, the Company had not yet completed the clinical development of or achieved regulatory approval to market Bria-IMT™, its lead product candidate and expects to incur further losses; the nature of a development stage immune-oncology company requires the raising of financial capital to support its clinical development programs and administrative costs. The uncertainty of the Company's ability to raise such financial capital casts significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

These consolidated financial statements were authorized for issue by the Board of Directors on October 21, 2019.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the international Accounting Standards Board ("IASB") as and interpretations of the IFRS Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS effective as of July 31, 2019.

Basis of Presentation

The consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars which is the Company's reporting currency. A summary of the significant accounting policies is provided in Note 3. Standards and guidelines not effective for the current accounting period are described in Note 4.

Basis of Measurement

Theses consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for financial instruments which have been measured at fair value.

Basis of Consolidation

These consolidated financial statements include the accounts of BriaCell and its wholly-owned US subsidiary BriaCell Therapeutics Corp. ("BTC") and BTC's wholly owned subsidiary – Sapientia Pharmaceuticals, Inc. ("Sapientia"). The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commenced until the date control ceases. Control exists when the Company has the power directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company applies the acquisition method to account for business combinations in accordance with IFRS 3.

All inter–company balances, and transactions, have been eliminated upon consolidation.

3. Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. As at July 31, 2019 and 2018, the Company had no cash equivalents.

Short-term Investments

Short-term investments consist of variable rate guaranteed investment certificates ("GICs") with original terms of one year or less but greater than three months.

3. Significant Accounting Policies (continued)

Translation of Foreign Currencies

These consolidated financial statements are presented in Canadian dollars. The functional currency of BriaCell is the Canadian dollar. The functional currency of BTC and Sapientia is the United States dollar.

Translation gains or losses resulting from the translation of the financial statements of BTC and Sapientia into Canadian dollars for presentation purposes are recorded in other comprehensive (loss) income.

Within each entity, transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the end of each reporting period at the period-end exchange rate. Exchange gains and losses on the settlement of transactions and the translation of monetary assets and liabilities to the functional currency are recorded in profit or loss.

Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

Intangible assets with finite useful lives are amortized over their useful lives and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually, or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite life is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. Commencing from that date, the asset is amortized systematically over its useful life.

The useful lives of intangible assets are as follows:

	Patents
Useful life	20 years
Amortization method	Straight-line
In-house development or purchase	Purchase

3. Significant Accounting Policies (continued)

Impairment of non-financial assets

The Company evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash generating unit ("CGU") to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

Research and Development

Research and development costs are expensed as incurred.

Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces improvements which include a logical model for classification and measurement of financial instruments, a single, forward-looking "expected credit loss" impairment model and a substantially reformed approach to hedge accounting. IFRS 9 was effective for annual reporting periods beginning on or after January 1, 2018.

The Company has adopted IFRS 9 on August 1, 2018 and has elected not to restate the comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. There were no differences in the carrying amounts of financial assets and financial liabilities from adoption of IFRS 9. Accordingly, the information presented for July 31, 2018 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39. The adoption of IFRS 9 resulted in changes in classification which are described below.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

a) Classification

In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset/liability	Classification under IAS 39	Classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible debt	Other financial liabilities	FVTPL

The Company determines the classification of financial instruments at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss ("FVTPL"). For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

b) Measurement

Financial assets and liabilities:

Financial instruments carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statements of operation and comprehensive loss in the period in which they arise. Where the Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial instruments carried at FVTOCI for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income.

Financial instruments carried at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. Significant Accounting Policies (continued)

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense over the vesting period with a corresponding increase to share-based payment reserve in the consolidated financial statements.

The fair value determined at the grant date of equity-settled share-based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of payments that will eventually vest. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Upon expiry, the amounts recorded for share-based compensation are transferred to the deficit from the share-based payment reserve. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

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

Share Capital

Common shares are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued using the relative fair value method. Costs directly identifiable with share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations in the period they are incurred.

Warrant Reserve

The fair value of warrants is determined upon their issuance either as part of unit private placements or in settlement of share issuance costs and finders' fees, using the Black-Scholes model. All such warrants are classified in a warrant reserve within equity. If the warrants are converted, the value attributable to the warrants is transferred to common share capital. Upon expiry, the amounts recorded for expired warrants is transferred to the deficit from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.

3. Significant Accounting Policies (continued)

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred taxes are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in profit or loss and comprehensive income (loss) or equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all of part of the asset to be recovered.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock.

The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted amounts are not presented when the effect of the computations is anti-dilutive. Accordingly, at present, there is no difference in the amounts presented for basic and diluted loss per share.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to research and development cost note 13 for fiscal year ended July 31, 2018, to identify the wages and salaries and clinical trial and investigational drug cost of research costs. $527,206 was reclassified from clinical trial and investigational drug cost to wages and salaries. This change in classification does not affect previously reported total research and development cost reported in the consolidated statements of operations and comprehensive loss.

3. Significant Accounting Policies (continued)

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are:

- The series of loans made to the subsidiary company are considered part of the parent company's net investment in a foreign operation as the Company does not plan to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses on the intercompany loans are recorded through compressive loss. If the Company determined that settlement of these amounts was planned or likely in the foreseeable future, the resultant foreign exchange gains and losses would be recorded through profit or loss.
- The change in the fair value of the unsecured convertible loan is based on an estimate determined by the Black-Scholes Model.
- Preparation of the consolidated financial statement on going concern basis, which contemplates the realization of assets and payments of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

4. Standards Issued but Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for future accounting periods. Many are not applicable to or are not expected to have a significant impact on BriaCell and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on BriaCell.

IFRS 16 - Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

Based on the information currently available, the Company estimates that it will recognize a lease liability and right to use asset as at August 1, 2019. The Company is on track to complete its implementation of IFRS 16 effective August 1, 2019.

(Expressed in Canadian Dollars)

5. Intellectual Property

On July 24, 2017, the Company entered into a definitive share exchange agreement (the "Share Exchange Agreement") through its wholly-owned subsidiary, BTC with Sapientia and all the shareholders of Sapientia. Sapientia, is a biotechnology company based in Havertown, PA, that is developing novel targeted therapeutics for multiple indications including several cancers and fibrotic diseases.

The attributable intellectual property relates to Sapientia's various patents, which the Company is amortizing over 20 years, consistent with its accounting policy. During the year ended July 31, 2019, the Company recorded $18,743 in amortization on intellectual property (2018 - $16,894).

		Sapientia
Cost		
As at July 31, 2017	$	-
Additions		374,852
As at July 31, 2018		374,852
Additions		-
As at July 31, 2019	$	374,852
Accumulated Amortization		
As at July 31, 2017	$	-
Amortization		16,894
As at July 31, 2018		16,894
Amortization		18,743
As at July 31, 2019		35,637
Net Book Value		
As at July 31, 2018		357,958
As at July 31, 2019	$	339,215

6. Unsecured convertible loan

On March 16, 2018, concurrent with the non-brokered unit offering, the Company completed a non-brokered private placement for the purchase of 5.0% unsecured convertible notes (each, a "Convertible Note") in the principal amount of US$885,000. Under the terms of securities purchase agreements between the Company and the purchasers of Convertible Notes (the "Noteholders"), each Convertible Note is convertible, at the option of the holder, into (i) common shares of BriaCell for so long as the Convertible Note is outstanding, at a fixed conversion price of $0.10 per common share, for a period of nine months from the date of issuance, which may be extended by the applicable holder and (ii) for each common share issued as a result of conversion, one warrant. The warrants are valid for 36 months from their issuance date and each warrant is exercisable for one common share at an exercise price of $0.14. On April 23, 2019, the Company revised the exercise price of these warrants from $0.14 to $0.12.

The original repayment date of the Convertible Notes was September 16, 2018. On September 17, 2018, the Company and the Noteholders agreed to extend the repayment date of the Convertible Notes to March 20, 2019 and on March 8, 2019, the Company and the Noteholders agreed to extend the repayment date of the Convertible Notes, to September 7, 2019. See note 16 for details of the repayment subsequent to July 31, 2019.

During the year ended July 31, 2018, the Noteholders converted $106,843 of Convertible Notes into 1,068,426 shares and 1,068,426 warrants.

During the year ended July 31, 2019, an additional $674,645 of Convertible Notes were converted and as such, the Company issued 6,746,458 shares and 6,746,458 warrants on conversion (see also note 7b(xii)).

The Convertible Notes are denominated in US dollars and convertible into common shares and warrants based on the principal and interest balance translated to Canadian dollars. Management determined that the Convertible Notes represent a combined instrument that contains an embedded derivative, being the conversion option. As a result of the foreign exchange impact on the conversion factor, the conversion option does not meet the fixed for fixed criteria and therefore represents a derivative liability. In accordance with IFRS 9, the Company has designated the entire Unsecured Convertible Loan at fair value through profit or loss. The Unsecured Convertible Loan was initially recorded at fair value and re-valued at each reporting date with changes in fair value being charged to interest expenses in the consolidated statements of operations and comprehensive loss.

Fair value determination

The fair value of the Convertible Notes, including any adjustments thereto, has been determined using a combination of the Black-Scholes option pricing model for the equity conversion portion and the discounted cash flow method for the loan portion.

(Expressed in Canadian Dollars)

6. Unsecured convertible loan (continued)

The following assumptions were used to determine the fair value of the Convertible Notes :

	July 31, 2019 (at year end)	**July 31, 2018** (at year end)
Risk-free interest rate	2.03%	1.88%
Expected volatility	76%	88%
Share price	$0.065	$0.14
Expected dividend yield	0%	0%
Annual loan interest rate	5%	5%
CAD/USD rate	1.3148	1.3017

As at July 31, 2019, the fair value of the amount owed to the Noteholders, including accrued interest was $396,224. Total interest expense and gain (loss) due to the change in fair value for the year ended July 31, 2019, charged to the consolidated statements of operations and comprehensive loss were $31,317 and $420,585 respectively (year ended July 31, 2018: $20,364 and loss of $407,709 respectively).

7. Share Capital and Warrant Reserve

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares with no par value.

b) Issued share capital

During the years ended July 31,2017, 2018 and 2019, the Company issued shares as follows:

i) On August 19, 2016, the Company completed a non-brokered private placement resulting in gross proceeds of $1,700,000. The non-brokered private placement involved the sale of 8,500,000 units at a price of $0.20 per unit (the “August 2016 Non-Brokered Units”). Each August 2016 Non-Brokered Unit comprised one Common Share and one common share purchase warrant (the “August 2016 Non-Brokered Warrants”). Each August 2016 Non-Brokered Warrant entitles the holder thereof to acquire one additional Common Share for an initial period of 12 months from August 19, 2016 at an exercise price of $0.30 and at an exercise price of $0.35 during the subsequent 24 months.

Certain finders received a cash commission of $115,500 plus 595,000 compensation warrants (the “August 2016 Compensation Warrants”) exercisable into one Non-Brokered Unit at any time until August 19, 2019 at an exercise price of $0.35.

7. Share Capital and Warrant Reserve (continued)

b) Issued share capital (continued)

The total fair value of each August 2016 Non-Brokered Warrants and August 2016 Compensation Warrants was $472,305 and $65,198, respectively and was determined using the Black-Scholes option pricing model and the following assumptions: August 2016 Non-Brokered Warrants - share price - $0.22; exercise price - $0.35; expected life - 3 years; annualized volatility - 95.43%; dividend yield - 0%; risk free rate - 0.64%. August 2016 Compensation Warrants - share price - $0.20; exercise price - $0.20; expected life - 3 years; annualized volatility - 95.43%; dividend yield - 0%; risk free rate - 0.64%.

ii) On October 7, 2016, 192,140 Compensation Warrants were exercised into 192,140 common shares and 192,140 warrants for a total consideration of $34,585. The fair value of the warrants was determined using the Black-Scholes option pricing model and the following assumptions: - share price - $0.21; exercise price - $0.35; expected life – 1.15 years; annualized volatility – 90.07%; dividend yield – 0%; risk free rate – 0.64%. Gross proceeds, less issuance costs paid in cash and less the total fair value of the warrants was charged against Share Capital in the statement of changes in shareholders' equity.

iii) On November 30, 2016, 116,963 Compensation Warrants were exercised into 116,963 common shares and 116,963 warrants for a total consideration of $21,055. The fair value of the warrants was determined using the Black-Scholes option pricing model and the following assumptions: - share price - $0.20; exercise price - $0.35; expected life - 1.01 years; annualized volatility - 94.09%; dividend yield - 0%; risk free rate - 0.64%. Gross proceeds, less issuance costs paid in cash and less the total fair value of the warrants was charged against Share Capital in the statement of changes in shareholders' equity.

iv) On March 9, 2017 the Company and the Company's President and CEO, completed a non-brokered private placement financing (the "March 2017 Offering") of 5,612,083 units (the "March 2017 Units") for aggregate gross proceeds to the Company in the amount of $1,346,900.

Under the March 2017 Offering, each Unit consisted of one common share in the capital of the Company and one-half of one Common Share purchase warrant (a "March 2017 Warrant"). The fair value of the March 2017 Warrants was determined using the Black-Scholes option pricing model and the following assumptions: - share price - $0.20; annualized volatility – 120.63%; dividend yield - 0%; risk free rate – 0.78%. Each March 2017 Warrant will be exercisable for one common share at an exercise price of $0.30 if exercised 12 months following the date of closing of the March 2017 Offering and $0.35 if exercised 24 months following the date of closing of the March 2017 Offering.

7. Share Capital and Warrant Reserve (continued)

b) Issued share capital (continued)

v) On March 7, 2017, 144,006 Compensation Warrants were exercised into 144,006 common shares and 144,006 warrants for a total consideration of $25,921. The fair value of the Compensation Warrants was determined using the Black-Scholes option pricing model and the following assumptions: - share price - $0.18; exercise price - $0.35; expected life - 11 months; annualized volatility - 152.57%; dividend yield - 0%; risk free rate - 0.64%. Gross proceeds, less issuance costs paid in cash and less the total fair value of the warrants, were charged against Share Capital in the statement of changes in shareholders' equity.

vi) On April 24, 2017, 37,000 Finders' Options were exercised into 37,000 common shares and 18,500 warrants for a total consideration of $7,400. The fair value of the warrants was determined using the Black-Scholes option pricing model and the following assumptions: - share price - $0.19; exercise price - $0.35; expected life - 24 months; annualized volatility - 117.96%; dividend yield - 0%; risk free rate - 0.64%. Gross proceeds, less issuance costs paid in cash and less the total fair value of the warrants, were charged against Shares Capital in the consolidated statement of changes in shareholders' equity. The shares were issued on May 1, 2017.

vii) On August 2, 2017, the Company and the Company's President and CEO completed a non-brokered private placement resulting in gross proceeds of $631,785. The non-brokered private placement involved the sale of 4,058,441 shares at a price of $0.16 per unit.

viii) On September 5, 2017, the Company issued 2,500,002 common shares to the Sapientia shareholders as consideration for the acquisition of all outstanding shares in the capital of Sapientia.

7. Share Capital and Warrant Reserve (continued)

b) Issued share capital (continued)

ix) On October 13, 2017, the Company introduced a warrant exercise incentive program (the "Warrant Incentive Program") designed to encourage the early exercise of up to approximately 26 million outstanding common share purchase warrants (the "Warrants").Under the terms of the Incentive Program, the Company offered the following inducements: (i) a temporary reduction in the respective exercise prices of the Warrants to $0.14, consistent with the current trading value of BriaCell's shares, for each Warrant that is exercised on or before November 30, 2017 (the "Early Exercise Period"); and (ii) for each Warrant exercised during the Early Exercise Period, the holder will receive, at no additional cost, one-half of one newly issued common share purchase warrant (each an "Incentive Warrant"), with each whole Incentive Warrant exercisable into one common share for a period of 24 months from the issue date at an exercise price of $0.20. Any Warrants that are not exercised prior to the expiry of the Early Exercise Period will remain outstanding in accordance with their original terms, and in particular, will no longer be eligible for the reduced exercise price or issuance of Incentive Warrants. In total, 2,043,000 warrants were exercised in connection with the Warrant Incentive Program at an exercise price of $0.14 for aggregate gross proceeds of $286,020. In addition, a total of 1,021,500 Incentive Warrants were granted in connection with the Warrant Incentive Program, with each Incentive Warrant entitling the holder to purchase one additional common share of the Company at an exercise price of $0.20, expiring December 21, 2019. The fair value of the warrants was $61,629. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.16; exercise price - $0.20; expected life - 24 months; annualized volatility - 114.68%; dividend yield - 0%; risk free rate - 1.66%.

7. Share Capital and Warrant Reserve (continued)

b) Issued share capital (continued)

x) On March 27, 2018, the Company completed a brokered private placement (the "March 2018 Brokered Unit Offering") of 43,322,322 units of the Company (the "March 2018 Units") at a price of $0.10 per March 2018 Unit for aggregate gross proceeds of $4,332,232. Under the Brokered Unit Offering, each March 2018 Unit consists of one common share and one common share purchase warrant (each, a "March 2018 Warrant"). The March 2018 Warrants are valid for 36 months following the closing of the Brokered Unit Offering and each March 2018 Warrant is exercisable for one Common Share at an exercise price of $0.14. In connection with the March 2018 Brokered Unit Offering and the Note Offering (together, the "Offerings"), the Company paid commissions to certain participating dealers on a portion of funds raised. In respect of the March 2018 Brokered Unit Offering, aggregate cash commissions of $235,215 and an aggregate 2,613,350 broker warrants (the “March 2018 Broker Warrants”) were paid. The March 2018 Broker Warrants issued in connection with the Offerings are exercisable into one Common Share at an exercise price of $0.14 for a period of 36 months from the issue date. The fair value of March 2018 Warrants and March 2018 Broker Warrants was $1,479,028 and $208,545, respectively, and was determined using the Black-Scholes option pricing model and the following assumptions: share price - $0.13; exercise price - $0.14; expected life - 36 months; annualized volatility - 100.61%; dividend yield - 0%; risk free rate - 1.99%. Officers and members of the Company’s Board of Directors, including BriaCell’s Chief Executive Officer, Chief Financial Officer and the Board’s Chairman (the "Related Parties"), participated in the Brokered Unit Offering, which participation constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") and TSX Venture Exchange policy 5.9. Such related party transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the related parties nor the consideration being paid by the related parties exceeded 25% of the Company's market capitalization.

xi) During July 2018, the Company issued 1,068,426 shares at $0.10 per share in respect of the partial conversion of certain Convertible Notes (Note 6). Upon exercise of these Convertible Notes, the Noteholders received 1,068,426 warrants with an exercise price of $0.14, expiring in July 31, 2021. The fair value of the warrants was $40,435. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.14; exercise price - $0.14; expected life - 36 months; annualized volatility - 100.41%; dividend yield - 0%; risk free rate - 2.12%.

7. Share Capital and Warrant Reserve (continued)

b) Issued share capital (continued)

xii) During the year ended July 31, 2019, 6,746,458 shares were issued at $0.10 per share in respect of the partial conversion of certain Convertible Notes (Note 6). Upon exercise of these Convertible Notes, the Noteholders received 6,746,458 warrants with an exercise price of $0.14, expiring within three years. The fair value of the warrants was $266,526. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.105-$0.135; exercise price - $0.14; expected life - 36 months; annualized volatility - 100.7%-70.6%; dividend yield - 0%; risk free rate - 1.6%.-2.3%.

xiii) On September 28, 2018, 1,000,000 shares were issued in respect of 1,000,000 warrants that were exercised at an exercise price of $0.14 for gross proceeds of $140,000. The fair value of the warrants in the amount of $34,140 were released from the Warrant reserve to Share Capital.

xiv) On March 25, 2019 and April 1, 2019, the Company completed a non brokered private placement (the "April 2019 Private Placement") of 29,735,240 shares of the Company at a price of $0.10 per share for aggregate gross proceeds of $2,973,524 (net proceeds: $2,855,784). Included in the April 2019 Private Placement were $500,000 from Mr. Jamieson Bondarenko, an insider of the Company, and his participation in the April 2019 Private Placement is considered a “related party transaction” pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the insiders’ participation in the Private Placement in reliance of sections 5.5(a) and 5.7(1)(a) of MI 61-101.

(Expressed in Canadian Dollars)

7. Share Capital and Warrant Reserve (continued)

c) Share Purchase Warrants

A summary of changes in share purchase warrants for the years ending July 31, 2019, 2018 and 2017 is presented below:

	Number	Weighted Average Exercise Price
Balance, July 31, 2016	18,396,434	$ 0.27
Granted on brokered private placement (Note 7(b)(i))	8,500,000	0.35
Granted on non-brokered private placement (Note 7(b)(iv))	2,806,041	0.35
Granted from the exercise of Compensation Warrants and Finders' Options	471,609	0.35
Balance, July 31, 2017	30,174,084	$ 0.30
Exercised on Warrant Incentive Program (Note 7(b)(ix))	(2,043,000)	0.14
Granted on Warrant Incentive Program (Note 7(b)(ix))	1,021,500	0.20
Granted on Brokered Unit Offering (Note 7(b)(x))	43,322,322	0.14
Granted from conversion of Notes (Note 7(b)(xi))	1,068,426	0.14
Expired during the year (i)	(13,094,887)	(0.26)
Balance, July 31, 2018	60,448,445	$ 0.19
Granted from conversion of Convertible Notes (Note 7(b)(xii))	6,746,458	0.14
Exercised Brokered Unit Offering (Note 7(b)(xiii))	(1,000,000)	0.14
Expired during the year (ii)	(3,115,144)	0.35
Balance, July 31, 2019	63,079,759	$ 0.18

i. During the year ended July 31, 2018, 13,094,887 warrants with a fair value of $694,458 expired and the Company recorded a charge to the warrant reserve with a corresponding credit to accumulated deficit.

ii. During the year ended July 31, 2019, 3,115,144 warrants with a fair value of $269,282 expired and the Company recorded a charge to the warrant reserve with a corresponding credit to accumulated deficit.

(Expressed in Canadian Dollars)

7. Share Capital and Warrant Reserve (continued)

c) Share Purchase Warrants (continued)

As at July 31, 2019, warrants outstanding were as follows:

Number of Warrants		Exercise Price	Exercisable At July 31, 2019	Expiry Date
3,421,053	$	0.30	3,421,053	April 26, 2021
8,500,000	$	0.35	8,500,000	August 19, 2019
1,021,500	$	0.20	1,021,500	December 21, 2019
42,322,322	$	0.14	42,322,322	March 27, 2021
7,814,884	$	0.12	7,814,884	October 2020-July 2021
63,079,759			63,079,759	

d). Compensation Warrants

A summary of changes in compensation warrants for the years ended July 31, 2019, 2018 and 2017 is presented below:

Balance, July 31, 2016	1,483,813	$	0.19
Granted on brokered private placement (Note 7(b)(i))	595,000		0.20
Expiration of compensation warrants (i)	(581,019)		(0.18)
Exercised (Note 7(b)(ii)(iii)(v)(vi))	(490,109)		(0.20)
Balance, July 31, 2017	1,007,685	$	0.20
Grant on brokered private placement (Note 7(b)(iv))	2,613,350		0.14
Grant from placement of Convertible Notes (Note 6)	1,250,000		0.14
Expired during 2018 (ii)	(139,000)		(0.20)
Balance, July 31, 2018 and 2019	4,732,035	$	0.15

(i) During the year ended July 31, 2017, 581,019 compensation warrants with a fair value of $44,076 expired and the Company recorded a charge to the warrant reserve with a corresponding credit to accumulated deficit.

(ii) During the year ended July 31, 2018, 139,000 compensation warrants with a fair value of $15,418 expired and the Company recorded a charge to the warrant reserve with a corresponding credit to accumulated deficit.

(Expressed in Canadian Dollars)

7. Share Capital and Warrant Reserve (continued)

d) Compensation Warrants (continued)

As at July 31, 2019, compensation warrants outstanding were as follows:

Number Of Compensation Warrants		Exercise Price	Exercisable at July 31, 2019	Expiry Date
273,685	$	0.30	273,685	April 26, 2021 (i)
595,000	$	0.20	595,000	August 19, 2019 (ii)
1,250,000	$	0.14	1,250,000	March 27, 2021 (iii)
2,613,350	$	0.14	2,613,350	March 27, 2021 (iii)
4,732,035			4,732,035	

i. Each compensation warrant can be exercised at $0.30 into one unit of BriaCell comprising one common share and one share purchase warrant. Each resultant share purchase warrant acquired can be exercised into an additional common share of BriaCell at $0.35 if exercised by April 26, 2021.

ii. Each compensation warrant can be exercised at $0.20 into one unit of BriaCell comprising one common share and one share purchase warrant. Each resultant share purchase warrant acquired can be exercised into an additional common share of BriaCell an exercise price of $0.30 through to August 19, 2019 and $0.35 for the 24 months thereafter.

iii. Each compensation warrant can be exercised at $0.14 into one common share of BriaCell for a period of 36 months.

(Expressed in Canadian Dollars)

8. Share-Based Compensation and Share-Based Payment Reserve

The Company has adopted a stock option plan (the “Plan") under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of 5 years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares at the time of grant.

A summary of changes in stock options for the years ended July 31, 2019, 2018 and 2017 is presented below:

	Number of options outstanding		Weighted average exercise price
Balance, July 31, 2016	6,968,000	$	**0.24**
Granted (i)	1,882,000		0.25
Cancelled	(2,768,000)		(0.24)
Balance, July 31, 2017	**6,082,000**	**$**	**0.24**
Granted (ii)	6,165,600		0.15
Cancelled	(175,000)		(0.30)
Expired (iii)	(2,650,000)		(0.23)
Balance, July 31, 2018	**9,422,600**	**$**	**0.18**
Expired (iv)	(650,000)		(0.37)
Cancelled	(1,800,000)		(0.18)
Balance, July 31, 2019	**6,972,600**	**$**	**0.17**

8. Share-Based Compensation and Share-Based Payment Reserve (continued)

i. During the year ended July 31, 2017, the Company issued a total of 1,882,000 options, as follows:

a. On October 3, 2016, the Company issued 800,000 stock options to consultants, of which 25% vested immediately, and 25% vest every 90 days thereafter. The fair value of the stock options was $88,061. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.20; exercise price - $0.25; expected life - 3 years; annualized volatility - 95%; dividend yield - 0%; risk free rate - 0.59%

b. On November 1, 2016, a total of 632,000 stock options were issued to the Company's CEO, which vested immediately. The fair value of the stock options was $84,981. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.19; exercise price - $0.21; expected life - 3 years; annualized volatility - 124%; dividend yield - 0%; risk free rate - 0.75%

c. On February 14, 2017, a total of 250,000 stock options were issued to a consultant, of which 25% vested immediately, and 25% vest every 90 days thereafter. The fair value of the stock options was $34,290. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.2; exercise price - $0.2; expected life - 3 years; annualized volatility – 115%; dividend yield – 0%; risk free rate – 0.76%

d. On March 20, 2017, a total of 50,000 stock options were issued to a consultant of which 25% vested immediately, and 25% vest every 90 days thereafter. The fair value of the stock options was $7,041. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.22; exercise price - $0.21; expected life – 3 years; annualized volatility – 103%; dividend yield – 0%; risk free rate – 0.67%

e. On March 22, 2017, a total of 150,000 stock options were issued to an employee of the Company of which 25% vested immediately, and 25% vest every 90 days thereafter. The fair value of the stock options was $21,122. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $0.22; exercise price - $0.21; expected life - 3 years; annualized volatility - 103%; dividend yield - 0%; risk free rate - 0.67%

8. Share-Based Compensation and Share-Based Payment Reserve (continued)

ii. During the year ended July 31, 2018, the Company issued a total of 6,165,000 options, as follows:

   a. On May 1, 2018, the Company issued 2,515,600 stock options to two consultants of which 25% vested immediately, and 25% vest every 90 days thereafter.

      The fair value of the 2,000,000 stock options was $126,579. The fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - $0.10; exercise price - $0.14; expected life - 36 months; annualized volatility - 99.64%; dividend yield - 0%; risk free rate - 1.88%.

      The fair value of the 500,000 stock options was $30,165. The fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - $0.10; exercise price - $0.20; expected life - 45 months; annualized volatility - 99.22%; dividend yield - 0%; risk free rate - 1.88%.

      The fair value of the 15,600 stock options was $988. The fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - $0.10; exercise price - $0.14; expected life - 36 months; annualized volatility - 99.64%; dividend yield - 0%; risk free rate - 1.88%.

   b. On March 1, 2018, the Company issued 3,400,000 stock options to directors, officers, employees and consultants of the Company, which vested immediately. The fair value of the stock options was $239,119. The fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - $0.10; exercise price - $0.15; expected life - 36 months; annualized volatility - 101.08%; dividend yield - 0%; risk free rate - 1.99%.

   c. On July 1, 2018, the Company issued 250,000 stock options to a consultant of the Company, which vest in in four grants of 62,500 options each three months. The fair value of the stock options was $18,916. The fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - $0.15; exercise price - $0.17; expected life - 5 years; annualized volatility - 99.74%; dividend yield - 0%; risk free rate - 2.04%.

(Expressed in Canadian Dollars)

8. Share-Based Compensation and Share-Based Payment Reserve (continued)

iii. 650,000 options with a fair value of $88,754 expired and the Company recorded a charge to the share based payment reserve with a corresponding credit to accumulated deficit.

iv. The Company recognized stock based compensation expense of $60,586 for the year ended July 31, 2019, (year ended July 31, 2018 - $476,211, year ended July 31 2017 - $272,014) in relation to the vesting of options issued in previous years.

v. As at July 31, 2019, stock options were outstanding for the purchase of common shares as follows:

Number Of Options	Exercise Price	Exercisable At July 31, 2019	Expiry Date
200,000	$ 0.255	200,000	November 4, 2025
575,000	$ 0.255	512,500	November 4, 2020
150,000	$ 0.210	150,000	March 22, 2020
632,000	$ 0.250	632,000	November 1, 2019
250,000	$ 0.200	250,000	February 14, 2020
2,400,000	$ 0.150	2,400,000	Mar 1, 2021
500,000	$ 0.200	500,000	March 10, 2022
2,015,600	$ 0.140	2,015,600	May 1, 2021
250,000	$ 0.140	250,000	July 1, 2023
6,972,600		6,910,100	

As at July 31, 2019, stock options outstanding have a weighted average remaining contractual life of 1.74 years (July 31, 2018 – 2.9 years).

(Expressed in Canadian Dollars)

9. Income Taxes

The provision for taxes differs from the amount obtained by applying the combined Canadian Federal and Provincial statutory income tax rate of 27% (2018 - 26%) to the effective tax rate is as follows:

	Year Ended July 31, 2019	Year Ended July 31, 2018
Net loss before recovery of income taxes	**$ (5,789,662)**	$ (5,412,663)
Expected tax recovery based on statutory Canadian combined federal and provincial tax rates	**$ (1,563,209)**	$ (1,407,290)
Differences in foreign tax rates	**(52,740)**	(212,540)
Tax rate changes and other adjustments	**7,240**	36,770
Share based compensation and non-deductible expenses	**16,982**	474,840
Share issuance cost booked directly to equity	**(31,736)**	-
Expiry of warrants	**-**	90,280
Change in deferred tax assets not recognized	**1,623,463**	1,017,940
Income tax (recovery) expense	**$ -**	$ -

Deferred Tax

The following table summarizes the components of deferred tax:

	July 31, 2019	July 31, 2018
Deferred Tax Assets		
Non-capital losses carried forward - Canada	**101,510**	
Deferred tax liabilities		
Property, plant and equipment - Canada	**(98,033)**	
Convertible debentures	**(3,477)**	
	$ -	$ -

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that the future taxable profit will be available against which the Company can utilize the benefits:

(Expressed in Canadian Dollars)

9. Income Taxes (continued)

The following table summarizes the components of the unrecognized deductible temporary differences:

	July 31, 2019	July 31, 2018
Deferred Tax Assets		
Non-capital losses carried forward - USA	**$ 11,148,719**	$ 7,221,900
Non-capital losses carried forward - Canada	**4,219,013**	2,602,990
Share issuance costs	**570,483**	737,090
Marketable securities	**106,998**	107,000
Property, plant and equipment - Canada	**3,327**	3,330
Property, plant and equipment - USA	**-**	2,120
	$ 16,048,540	$ 10,674,430

The Canadian and U.S. Losses expire as noted in the table below. Share issuance and financing costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company has Canadian tax loss carry forwards which expire as noted in the below table.

2034	**$ 103,961**
2035	**767,444**
2036	**467,982**
2037	**573,271**
2038	**1,250,137**
2039	**1,069,094**
	$ 4,231,889

The Company has U.S. tax loss carry forwards which expire as noted in the below table.

2033	**$ 1,240**
2034	**631,660**
2035	**1,134,120**
2036	**2,546,090**
2037	**2,908,790**
2038	**3,926,819**
	$ 11,148,719

(Expressed in Canadian Dollars)

10. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior management, who are considered to be key management personnel by the Company. Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As at July 31, 2019, included in accounts payable and accrued liabilities are amounts owing to a company controlled by an officer in the amount of $7,000 (July 31, 2018 – $Nil) for consulting fees and amounts owing to directors of $26,200 (July 31, 2018– $8,548) for director's fees.

During the years ended July 31, 2019, 2018 and 2017, the Company incurred the following expenses charged by directors and key management personnel or companies controlled by these individuals:

	Year ended July 31,		
	2019	**2018**	**2017**
a) Paid or accrued professional fees to a company controlled by an officer of the Company	**$ 48,700**	$ 42,000	$ 48,950
b) Paid or accrued consulting fees to companies controlled by individual directors.	**121,112**	126,000	134,500
c) Paid or accrued wages and consulting fees to directors	**280,938**	263,365	277,621
d) Share based compensation to directors and officers	**-**	207,471	84,981

11. Capital Management

The Company's capital comprises share capital, share-based payment reserve, warrant reserve, and accumulated other comprehensive income (loss). The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company in order to support the Company's business activities. The Board of Directors does not establish quantitative return on capital criteria for management; it relies on the expertise of the Company's management to sustain future development of the business.

The intellectual property in which the Company currently has an interest is in the development stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned research and development and pay for administrative costs, the Company intends to raise additional amounts as needed.

12. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. As at July 31, 2019, the Company has a negative working capital balance of $1,185,354 (July 31, 2018 – positive working capital of $700,350, July 31, 2017 positive working capital of $343,606), the Company has not yet achieved profitable operations and expects to incur further losses in the development of its products; these factors cast significant doubt about the Company's ability to continue as a going concern. See note 16(b) and (d) for financings completed subsequent to July 31, 2019.

c) Market Risk

i. Interest rate risk

As the Company has cash and short-term investment balances and no interest-bearing debt, interest rate risk is remote.

ii. Price risk

As the Company has no revenues, price risk is remote.

iii. Exchange risk

The Company is exposed to foreign exchange risk as A portion of the Company's transactions occur in a foreign currency (mainly its research operations which are conducted primarily in the United States of America in US dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its U.S. denominated accounts payable and cash. As at July 2019, a 5% depreciation or appreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate $45,000 (2018 - $55,000) decrease or increase, respectively, in total loss and comprehensive loss.

(Expressed in Canadian Dollars)

13. Research and Development Costs

	Years ended July 31, 2019	2018	2017
Wages and Salaries	**$ 855,864**	$ 558,114	$ 518,192
Clinical Trials and Investigational drug costs	**3,605,738**	2,194,327	1,460,569
Office Rent	**51,316**	69,871	31,051
Licensing	**241,990**	34,967	96,309
Supplies	**25,715**	81,915	19,820
Insurance	**5,012**	5,596	-
Patents	**131,652**	167,789	-
	$ 4,917,287	$ 3,112,579	$ 2,125,941

14. General and Administration Costs

	Years ended July 31, 2019	2018	2017
Consulting (Note 10)	**$ 342,940**	$ 515,960	$ 289,005
Conferences	**12,772**	10,781	14,256
Insurance	**16,000**	20,867	15,358
Amortization of intangible assets (Note 5)	**18,743**	16,894	290
General and Administrative	**41,130**	32,588	30,448
Professional fees (Note 10)	**289,720**	244,131	198,171
Regulatory, filing and transfer agent fees	**52,879**	85,496	30,166
Rent (Note 15)	**15,576**	15,081	12,171
Shareholder communications	**338,241**	289,208	119,120
Travel	**48,103**	46,251	35,057
Wages and salaries, net of recoveries (Note 10)	**68,367**	110,456	76,239
	$ 1,244,471	$ 1,387,713	$ 820,281

15. Commitments and Contingencies

The Company’s lease arrangement for office space in Berkeley, California ends in August 2020 and the annual lease commitment is approximately $42,000 plus common area maintenance charges.

16. Events After the Reporting Period

a) On August 19, 2019, 8,500,000 warrants and 595,000 compensation warrants expired.

b) On September 9, 2019, the Company completed a non brokered private placement of 12,090,007 common shares at a price of C$0.07 per common share for gross proceeds of $846,300.

c) On September 10, 2019, the Company repaid the balance of the Convertible Notes in the total amount of $477,216 (US$ 362,819).

d) On October 15, 2019, the Company completed non brokered private placement of 8,120,633 common shares at a price of $0.07 per common share for gross proceeds of $568,444.