BriaCell

BriaCell Therapeutics Corp.

Consolidated Financial Statements

For the Years Ended July 31, 2020 and 2019

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, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, cash flows, and changes in shareholders' equity for each of the three years ended July 31, 2020, 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, 2020 and 2019, and the results of its consolidated operations and its consolidated cash flows for each of the three years ended July 31, 2020 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.

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

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

Mississauga, Canada

November 30, 2020

MNP LLP

BriaCell Therapeutics Corp

Consolidated Statements of Financial Position
As at July 31, 2020 and 2019
(Expressed in Canadian Dollars)

	July 31, 2020	July 31, 2019
ASSETS		
Current assets		
Cash	**$ 26,104**	$ 192,916
Amounts receivable	**27,660**	3,459
Prepaid expenses	**267,444**	10,667
Total current assets	**321,208**	207,042
Investments	**2**	2
Intellectual property (Note 4)	**320,474**	339,215
Total Assets	**$ 641,684**	$ 546,259
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**$ 4,562,856**	$ 996,172
Short term loans (Note 5(a))	**306,878**	-
Unsecured convertible loan (Note 6)	**-**	396,224
Total current liabilities	**4,869,734**	1,392,396
Long term liabilities		
Government Grants (Note 5(b))	**191,572**	-
Total long term liabilities	**191,572**	1,392,396
Shareholders' equity		
Share capital (Note 7(b))	**15,065,961**	13,651,217
Share-based payment reserve (Note 8)	**739,193**	877,089
Warrant reserve (Note 7(c))	**2,271,910**	2,870,442
Accumulated other comprehensive loss	**(170,374)**	(124,295)
Deficit	**(22,326,312)**	(18,120,590)
Total shareholders' deficit	**(4,419,622)**	(846,137)
Total liabilities and shareholders' deficit	**$ 641,684**	$ 546,259

Nature of Operations and Going Concern (Note 1)

Commitments (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 November 30, 2020 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, 2020, 2019 and 2018
(Expressed in Canadian Dollars)

	Year ended July 31,		
	2020	**2019**	**2018**
Expenses:			
Research and development costs (Note 13)	**$ 2,980,144**	$ 4,917,287	$ 3,112,579
General and administration costs (Note 14)	**1,857,465**	1,244,471	1,387,713
Share-based compensation (Note 8(vi))	**2,071**	60,586	476,211
Total Expenses	**4,839,680**	6,222,344	4,976,503
Operating Loss	**(4,839,680)**	(6,222,344)	(4,976,503)
Interest income	**-**	12,004	15,991
Interest expense (Note 5,6)	**(36,216)**	(31,317)	(20,364)
Gain from government grant (Note 5)	**28,604**	-	-
Change in fair value of convertible debt (Note 6)	**(79,119)**	420,585	(407,709)
Foreign exchange income (loss)	**(17,810)**	31,410	(24,078)
	(104,541)	432,682	(436,160)
Loss For The Year	**(4,944,221)**	(5,789,662)	(5,412,663)
Items That Will Subsequently Be Reclassified To Profit Or Loss			
Foreign currency translation adjustment	**(46,079)**	(18,781)	(33,340)
	(46,079)	(18,781)	(33,340)
Comprehensive Loss for the Year	**$ (4,990,300)**	$ (5,808,443)	$ (5,446,003)
Basic and Fully Diluted Loss Per Share	**$ (6.99)**	$ (10.02)	$ (0.04)
Weighted Average Number Of Shares Outstanding	**713,889**	579,664	427,815

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, 2020, 2019 and 2018
(Expressed in Canadian Dollars)

	Year ended July 31,		
	2020	**2019**	**2018**
Cash flow from operating activities			
Net loss for the year	**(4,944,221)**	$ (5,789,662)	$ (5,412,663)
Items not affecting cash:		-	
Depreciation and amortization	**18,741**	18,743	16,894
Share-based compensation	**2,071**	60,586	476,211
Accrued interest expense	**36,216**	-	20,364
Foreign exchange			
Gain from government grant	**(28,604)**	-	-
Change in fair value of convertible loan	**79,119**	(420,585)	407,709
Changes in non-cash working capital:			
Amounts receivable	**(24,201)**	15,516	(11,994)
Prepaid expenses	**(256,777)**	137,067	(117,051)
Security deposits	**-**	172,980	(151,413)
Accounts payable and accrued liabilities	**3,562,494**	710,460	(186,650)
	(1,555,162)	(5,094,895)	(4,958,593)
Cash flow from investing activities			
Change in short-term investments	**-**	1,341,043	(591,043)
	-	1,341,043	(591,043)
Cash flow from financing activities			
Proceeds for private placements	**1,414,744**	2,973,324	4,332,232
Short-term loan	**505,159**	(117,540)	(465,849)
Repayment of unsecured convertible loan	**(477,559)**	-	1,138,919
Proceeds from exercise of warrants	**-**	140,000	286,020
	1,442,344	2,995,784	5,291,322
Increase (Decrease) in cash and cash equivalent	**(112,818)**	(758,068)	(258,314)
Effect of changes in foreign exchange rates	**(53,994)**	12,536	(67,667)
Cash and cash equivalents, beginning of year	**192,916**	938,448	1,264,429
Cash and cash equivalents, end of year	**26,104**	$ 192,916	$ 938,448

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

BriaCell Therapeutics Corp

Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended July 31, 2020, 2019 and 2018
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE-BASED PAYMENT RESERVE	WARRANT RESERVE	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY (DEFICIT)
	SHARES	AMOUNT					
Balance, July 31, 2017	**353,015**	**$ 6,609,615**	**$ 884,763**	**$ 1,841,448**	**$ (72,174)**	**$ (8,328,600)**	**$ 935,052**
Private Placement (Note 7(b)(i))	13,528	631,785	-	-	-	-	631,785
Acquisition of Sapientia (Note 7(b)(ii))	8,333	375,000	-	-	-	-	375,000
Exercise of warrants (Note 7(b)(iii))	6,810	351,557	-	(65,537)	-	-	286,020
Private Placement (Note 7(b)(iv))	144,408	2,644,659	-	1,687,573	-	-	4,332,232
Share issuance costs	-	(465,850)	-	-	-	-	(465,850)
Issuance of shares and warrants on conversion of Convertible Notes (Note 7(b)(v))	**3,561**	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 7(c)(i), 7(d)(i))	-	-	-	(694,457)	-	694,457	-
Share-based compensation (Note 8(i))	-	-	378,336	-	-	-	378,336
Expiration of options (Note 8(ii))	-	-	(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	**529,655**	**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)(vi))	22,488	408,119	-	266,526	-	-	674,645
Exercise of warrants (Note 7(b)(vii))	3,333	174,140	-	(34,140)	-	-	140,000
Private Placement (Note 7(b)(viii))	99,117	2,855,784	-	-	-	-	2,855,784
Expiration of warrants (Note 7(c)(ii))	-		-	(269,282)	-	269,282	-
Expiration of options (Note 8(iii))	-	-	(88,754)	-	-	88,754	-
Share-based compensation (Note 8)	-	-	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	**654,593**	**13,651,217**	**877,089**	**2,870,442**	**(124,295)**	**(18,120,590)**	**(846,137)**
Private Placement (Note 7(b)(ix))	40,300	846,300	-	-	-	-	846,300
Private Placement (Note 7(b)(x))	27,069	568,444	-	-	-	-	568,444
Expiration of warrants (Note 7(c)(iii),(Note 7(d)(ii))	-	-	-	(598,532)	-	598,532	-
Expiration of options (Note 8(v))	-	-	(139,967)	-	-	139,967	-
Share-based compensation (Note 8(vi))	-	-	2,071	-	-	-	2,071
Foreign exchange translation	-	-	-	-	(46,079)	-	(46,079)
Loss for the year	-	-	-	-	-	(4,944,221)	(4,944,221)
Balance, July 31, 2020	**721,962**	**$ 15,065,961**	**$ 739,193**	**2,271,910**	**$ (170,374)**	**$ (22,326,312)**	**$ (4,419,622)**

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 $22,326,312 (July 31, 2019 - $18,120,590), and negative cash flows from operations of $1,555,162 (2019- $5,094,895, 2018- $4,958,593) 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, 2020, 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 November 30, 2020.

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, 2020.

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

These 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, 2020 and 2019, the Company had no cash equivalents.

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.

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

The Company expenses amounts paid for intellectual property, development and production expenditures as they are incurred. However, such costs are deferred and recorded in intangible assets when they meet generally accepted criteria, to the extent that their recovery can reasonably be regarded as assured.

The costs must meet the following criteria to be deferred: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; the probability of future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Once those criteria are met, the future costs, such as costs to obtain patent or trademark protection over the developed technologies, will be capitalized. These costs are then amortized over their expected useful lives. To date it has not been demonstrated that these expenditures will generate or be able to be used to generate probable future economic benefits.

3. Significant Accounting Policies (continued)

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 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.

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
Amounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Short term loans	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 loss. 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 operations 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.

After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method ("EIR"). Gains and losses are recognized in the consolidated statements of operations and comprehensive loss when the liabilities are derecognized, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included as an interest expense in the consolidated statement of operations and comprehensive loss.

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 prepaid 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 loss and comprehensive 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.

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all conditions associated with the grant are met. Grants related to assets are recorded as a reduction to the asset's carrying value and are depreciated over the useful like of the asset. Claim under the government grant related to income are recorded as other income in the period in which eligible expenses are incurred or when the services have been performed.

3. Significant Accounting Policies (continued)

Accounting Standards Implemented as at August 1, 2019

IFRS 16 - Leases ("IFRS 16")

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the consolidated statements of financial position with a "right of use" asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The Company has adopted IFRS 16 as of August 1, 2019, and has assessed no changes to the opening consolidated statements of financial position as a result of the adoption of this new standard.

On transition to IFRS 16, the Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases and apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 Leases have not been reassessed for whether a lease exists. The Company has elected to not recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and for leases of low-value assets.

IFRIC 23 - Uncertainty over Income Tax Treatments ("IFRIC 23")

The Company adopted IFRIC 23 on July 1, 2019 on a modified retrospective basis without restatement of comparative information. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The adoption of the new standard had no impact on the consolidated financial statements as at July 31, 2020.

3. Significant Accounting Policies (continued)

Accounting Standards Implemented as at August 1, 2019 (continued)

IFRS 3 - Business Combinations ("IFRS 3")

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020 with early adoption permitted. The amendment clarifies that a business must include, at minimum, an input and a substantive process that together contribute to the ability to create outputs, and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets by providing supplemental guidance for assessing whether an acquired process is substantive. The Company has decided to early adopt the amendments to IFRS 3 effective August 1, 2019 and shall apply the amended standard in assessing business combinations on a prospective basis. For acquisitions that are determined to be acquisitions of assets as opposed to business combinations, the Company allocates the transaction price to the individual identifiable assets acquired and liabilities assumed on the basis of their relative fair values, and no goodwill is recognized. Acquisitions that continue to meet the definition of a business combination are accounted for under the acquisition method, without any changes to the Company's accounting policy. There was no impact on the Company's consolidated financial statements as at July 31, 2020.

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.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Significant Accounting Judgments and Estimates (continued)

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 a 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, including its intangible assets and to meet its liabilities as they become due.
- Intangible assets are tested for impairment annually or more frequently if three is an indication of impairment. The carrying value of intangibles with definite lives is reviewed each reporting period to determine whether there is any indication of impairment. If there are indications of impairment the impairment analysis is completed and if the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and impairment loss is recognized.

4. Intellectual Property

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, 2020, the Company recorded $18,741 in amortization on intellectual property (2019 - $18,743).

Costs			Accumulated Amortization			Net Book Value
July 31, 2019:						
July 31, 2018	Additions	July 31, 2019	July 31, 2018	Amotization during the year	July 31, 2019	July 31, 2019
$ 374,852	-	374,852	$ 16,894	18,743	35,637	339,215
July 31, 2020:						
July 31, 2019	Additions	July 31, 2020	July 31, 2019	Amotization during the year	July 31, 2020	July 31, 2020
$ 374,852	-	374,852	$ 35,637	18,741	54,378	320,474

5. Loans

(a) Short-terms loans

On December 3, 2019, January 27, 2020 and February 20, 2020 and the Company received three unsecured loan from a third party in the amounts of US$100,000, US$50,000 and US$50,000, respectively “Short Term Loans”). The Short Term Loans all bear interest at 2.5% annually and were all repayable on or before March 26, 2020, after which the interest rate increased to 15% annually, however, the loan holder has deferred the increased interest to November 20, 2020. The Short Term Loans remain outstanding as of the date of this report.

On April 30, 2020 and May 20, 2020, the Company received two loans from other third parties in the total amount of US$20,000. These loans all bear interest at 10% annually are repayable on or before December 31, 2020.

Total interest expense in respect to the short-term loans was $33,939 for the year ended July 31, 2020 ($nil for the year ended July 31, 2019).

(b) Government grants

On April 24, 2020, the Company received a $40,000 loan from the Canada Emergency Business Account (“CEBA Loan”). The CEBA Loan bears 0% interest until December 31, 2022. If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. No principal payments required until December 31, 2022. Principal repayments can be voluntarily made at any time without fees or penalties. $10,000 loan forgiveness is available, provided the outstanding balance is $40,000 at December 31, 2020, and $30,000 is paid back between January 1, 2021 and December 31, 2022. The loan was recognized at the fair value based on an estimated market interest rate of 15%. The Company made no interest payments during the year ended July 31, 2020 and recorded a gain from the government grant in the amounts of $13,121 (2019 – nil, 2018 – nil) which represents the benefit of receiving an interest free grant.

On May 1, 2020 the Company received US$127,030 as a loan from the Paycheck Protection Program in the United States (the “Program”) The terms of the Program provide that a portion of the loan may be forgiven, to the extent that the amounts spent during the eight week period following the first disbursement of the loan are incurred as follows: (i) payroll costs, (ii) interest payments on mortgages incurred before February 15, 2020, (iii) rent payments on leases in effect before February 15, 2020, and (iv) utility payments for which service began before February 15, 2020 (“Program Expenses”). The unforgiven part of the loan must be repaid within two years and bears interest at 1% per annum. The Company used the entire proceeds to pay Program expenses and is currently in the process of applying to have this loan forgiven. The loan was recognized at the fair value based on an estimated market interest rate of 15%. The Company made no interest payments during the year ended July 31, 2020 and recorded a gain from the government grant in the amount of $15,483 (2019 – nil, 2018 – nil) which represents the benefit of receiving a loan with 1% interest.

6. Unsecured convertible loan

On March 16, 2018, concurrent with the non-brokered unit offering (Note 7(b)(iv)), 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 $30.00 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 $42.00. On April 23, 2019, the Company revised the exercise price of these warrants from $42.00 to $36.00.

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.

During the year ended July 31, 2018, the Noteholders converted $106,843 of Convertible Notes into 3,561 shares and 3,561 warrants.

During the year ended July 31, 2019, $674,645 of Convertible Notes were converted and as such, the Company issued 22,488 shares and 22,488 warrants on conversion.

On September 10, 2019, the Company repaid the balance of the Convertible Notes in the total amount of $477,599 (US$ 362,819).

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:

	September 10, 2019 (at the repayment date)	July 31, 2019 (at year end)
Risk-free interest rate	1.6%	2.03%
Expected volatility	57%	76%
Share price	$19.50	$19.50
Expected dividend yield	0%	0%
Annual loan interest rate	5%	5%
CAD/USD exchange rate	1.3153	1.3148

Total interest expense and loss due to the change in fair value, charged to the consolidated statements of operations and comprehensive loss for the years ended July 31, 2020, 2019 and 2018 are as follows:

	Year ended July 31, 2020	2019	2018
Interest expense	**$ 2,256**	$ 31,317	$ 20,364
Change in fair value	**$ (79,119)**	$ 420,585	$ (407,709)

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.

Retroactive Adjustment for Reverse Stock Split

In December 2019, the Board and TSX-V approved a 1-for-300 reverse stock split, or the Reverse Split, which was implemented effective January 2, 2020. Consequently, all share numbers, share prices, and exercise prices have been retroactively adjusted in these condensed interim consolidated financial statements for all periods presented.

7. Share Capital and Warrant Reserve (continued)

b) Issued share capital

During the years ended July 31, 2018, 2019 and 2020, the Company issued shares as follows:

i) 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 13,528 shares at a price of $48.00 per unit.

ii) On September 5, 2017, the Company issued 8,333 common shares to the Sapientia shareholders as consideration for the acquisition of all outstanding shares in the capital of Sapientia.

iii) 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 $42.00, 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 $60.00. 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, 6,810 warrants were exercised in connection with the Warrant Incentive Program at an exercise price of $42.00 for aggregate gross proceeds of $286,020. In addition, a total of 3,405 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 $60.00, expiring December 21, 2019. The fair value of the warrants was $65,537. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $48.00; exercise price - $60.00; 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)

iv) On March 27, 2018, the Company completed a brokered private placement (the "March 2018 Brokered Unit Offering") of 144,408 units of the Company (the "March 2018 Units") at a price of $30.00 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 $42.00. 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 8,711 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 $42.00 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 - $39.00; exercise price - $42.00; 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.

v) During July 2018, the Company issued 3,561 shares at $30.00 per share in respect of the partial conversion of certain Convertible Notes (Note 6). Upon exercise of these Convertible Notes, the Noteholders received 3,561 warrants with an exercise price of $42.00, 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 - $42.00; exercise price - $42.00; 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)

vi) During the year ended July 31, 2019, 22,488 shares were issued at $30.00 per share in respect of the partial conversion of certain Convertible Notes (Note 6). Upon exercise of these Convertible Notes, the Noteholders received 22,488 warrants with an exercise price of $42.00, 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 - $31.50-$40.50; exercise price - 42.00; expected life - 36 months; annualized volatility - 100.7%-70.6%; dividend yield - 0%; risk free rate - 1.6%-2.3%.

vii) On September 28, 2018, 3,333 shares were issued in respect of 3,333 warrants that were exercised at an exercise price of $42.00 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.

viii) On March 25, 2019 and April 1, 2019, the Company completed a non brokered private placement (the “April 2019 Private Placement”) of 99,117 shares of the Company at a price of $30.00 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.

ix) On September 9, 2019, the Company completed a non brokered private placement of 40,300 common shares at a price of $21.00 per common share for gross proceeds of $846,300.

x) On October 15, 2019, the Company completed non brokered private placement of 27,069 common shares at a price of $21.00 per common share for gross proceeds of $568,444.

(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, 2020, 2019 and 2018 is presented below:

	Number Of Warrants	Weighted Average Exercise Price
Balance, July 31, 2017	100,581	$ 90
Exercised on Warrant Incentive Program (Note 7(b)(iii))	(6,810)	42
Granted on Warrant Incentive Program (Note 7(b)(iii))	3,405	60
Granted on Brokered Unit Offering (Note 7(b)(iv))	144,408	42
Granted from conversion of Notes (Note 7(b)(v))	3,561	42
Expired during the year (i)	(43,650)	(78)
Balance, July 31, 2018	201,495	57
Granted from conversion of Convertible Notes (Note 7(b)(xii))	22,488	42
Exercised Brokered Unit Offering (Note 7(b)(xii))	(3,333)	42
Expired during the year (ii)	(10,384)	105
Balance, July 31, 2019	210,266	54
Expired during the year (iii)	(31,738)	105
Balance, July 31, 2020	178,528	44

i. During the year ended July 31, 2018, 43,650 warrants with a fair value of $679,039 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, 10,384 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.

iii. During the year ended July 31, 2020, 31,738 warrants with a fair value of $533,334 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, 2020, warrants outstanding were as follows:

Number of Warrants		Exercise Price	Exercisable At July 31, 2020	Expiry Date
11,404	$	90	11,404	April 26, 2021
141,074	$	42	141,074	March 27, 2021
26,050	$	36	26,050	October 2021-July 2022
178,528			178,528	

d) Compensation Warrants

A summary of changes in compensation warrants for the years ended July 31, 2020, 2019 and 2018 is presented below:

	Number Of Warrants		Weighted Average Exercise Price
			-
Balance, July 31, 2017	**3,358**	**$**	**60**
			-
Grant on brokered private placement (Note 7(b)(iv))	8,711		42
Grant from placement of Convertible Notes (Note 6)	4,167		42
Expired during 2018 (i)	(463)		(60)
Balance, July 31, 2018 and 2019	**15,773**	**$**	**45**
Expired during the year (ii)	(1,983)		60
Balance, July 31, 2020	**13,790**	**$**	**45**

(i) During the year ended July 31, 2018, 463 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

(ii) During the year ended July 31, 2019, 1,983 compensation warrants with a fair value of $65,198 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, 2020, compensation warrants outstanding were as follows:

Number Of Compensation Warrants		Exercise Price	Exercisable at Jul 31, 2020	Expiry Date
912	$	90	912	April 26, 2021 (i)
4,167	$	42	4,167	March 27, 2021 (ii)
8,711	$	42	8,711	March 27, 2021 (ii)
13,790			13,790	

i. Each compensation warrant can be exercised at $90.00 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 $105.00 if exercised by April 26, 2021.
ii. Each compensation warrant can be exercised at $42.00 into one common share of BriaCell for a period of 36 months.

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, 2020, 2019 and 2018 is presented below:

	Number of options outstanding		Weighted average exercise price
Balance, July 31, 2017	**20,274**	**$**	**72**
Granted (i)	20,552		45
Cancelled	(583)		(90)
Expired (ii)	(8,833)		(69)
Balance, July 31, 2018	**31,410**	**$**	**(246)**
Expired (iii)	(2,167)		(111)
Cancelled	(6,000)		(54)
Balance, July 31, 2019	**23,243**	**$**	**(249)**
Granted (iv)	166		62
Expired	(3,440)		(48)
Balance, July 31, 2020	**19,969**		**49**

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

i. During the year ended July 31, 2018, the Company issued a total of 20,552 options, as follows:

   a. On May 1, 2018, the Company issued 8,385 stock options to two consultants of which 25% vested immediately, and 25% vest every 90 days thereafter.

      The fair value of the 6,667 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 - $30.00; exercise price - $42.00; expected life - 36 months; annualized volatility - 99.64%; dividend yield - 0%; risk free rate - 1.88%.

      The fair value of the 1,667 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 - $30.00; exercise price - $60.00; expected life - 45 months; annualized volatility - 99.22%; dividend yield - 0%; risk free rate - 1.88%.

      The fair value of the 52 stock options was $988. The fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - $30.00; exercise price - $42.00; expected life - 36 months; annualized volatility - 99.64%; dividend yield - 0%; risk free rate - 1.88%.

   b. On March 1, 2018, the Company issued 11,333 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 - $30.00; exercise price - $45.00; expected life - 36 months; annualized volatility - 101.08%; dividend yield - 0%; risk free rate - 1.99%.

   c. On July 1, 2018, the Company issued 833 stock options to a consultant of the Company, which vest in in four grants of 208 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 - $45.00; exercise price - $51.00; expected life - 5 years; annualized volatility - 99.74%; dividend yield - 0%; risk free rate - 2.04%.

ii. During the year ended July 31, 2018, 8,333 options with a fair value of $357,842 expired and the Company recorded a charge to the share-based payment reserve with a corresponding credit to accumulated deficit.

iii. During the year ended July 31, 2019, 6,000 options were cancelled and 2,167 options expired, with a total fair value of $88,754 and the Company recorded a charge to the share-based payment reserve with a corresponding credit to accumulated deficit.

iv. On September 9, 2019, the Company issued a total of 166 stock options to a consultant, which vested immediately and expire on September 9, 2024. The fair value of the stock options was $17,794. The fair value was estimated using the Black-Scholes option pricing model and the following weighted average assumptions: share price - $16.50; exercise price - $21; expected life - 5 years; annualized volatility - 88%; dividend yield - 0%; risk free rate – 1.4%

(Expressed in Canadian Dollars)

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

v. During the year ended July 31, 2020, 3,440 options expired, as follows:
   a. On November 1, 2019, 2,107 stock options with a fair value of $84,981 expired and the Company recorded a charge to the share-based payment reserve with a corresponding credit to accumulated deficit.
   b. On February 14, 2020, 833 stock options with a fair value of $34,290 expired and the Company recorded a charge to the share-based payment reserve with a corresponding credit to accumulated deficit.
   c. On March 22, 2020, 500 stock options with a fair value of $20,696 expired and the Company recorded a charge to the share-based payment reserve with a corresponding credit to accumulated deficit.

vi. The Company recognized stock based compensation expense of $2,071 for the year ended July 31, 2020, (year ended July 31, 2018 - $60,586, year ended July 31, 2018 - $476,211) in relation to the vesting of options issued in previous years.

vii. As at July 31, 2020, stock options were outstanding for the purchase of common shares as follows:

Number of Options	Exercise Price	Exercisable At July 31,2020	Expiry Date
667	$ 77	667	November 4, 2025
1,917	$ 77	1,917	November 4, 2020
8,000	$ 45	8,000	Mar 1, 2021
1,667	$ 60	1,667	March 10, 2022
6,719	$ 42	6,719	May 1, 2021
833	$ 42	833	July 1, 2023
166	$ 21	166	September 9, 2024
19,969		19,969	

As at July 31, 2020, stock options outstanding have a weighted average remaining contractual life of 0.98 years (July 31, 2018 – 1.74 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% (2019 - 27%) to the effective tax rate is as follows:

	Year Ended July 31, 2020	Year Ended July 31, 2019
Net loss before recovery of income taxes	**$ (4,944,221)**	$ **(5,789,662)**
Expected income tax (recovery) expense	**$ (1,334,940)**	$ **(1,563,209)**
Differences in foreign tax rates	**(38,360)**	**(52,740)**
Tax rate changes and other adjustments	**-**	**7,240**
Share-based compensation and non-deductible expenses	**1,300**	**16,982**
Share issuance cost booked directly to equity	**-**	**(31,736)**
Change in deferred tax assets not recognized	**1,372,000**	**1,623,463**
Income tax (recovery) expense	**$ -**	$ -

Deferred Tax

The following table summarizes the components of deferred tax:

	July 31, 2020	July 31, 2019
Deferred Tax Assets		
Operating tax losses carried forward- USA	**92,620**	101,510
Deferred tax liabilities		
Intellectual property	**(92,620)**	(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, 2020		July 31, 2019
Deferred Tax Assets				
Non-capital losses carried forward - USA	$	**14,951,440**	$	11,148,719
Non-capital losses carried forward - Canada		**5,349,060**		4,219,013
Short term loans		**10,000**		-
Share issuance costs		**370,460**		570,483
Marketable securities		**107,000**		106,998
Property, plant and equipment - Canada		**3,330**		3,327
Property, plant and equipment - USA				-
	$	**20,791,290**	$	16,048,540

The Canadian and U.S. Losses expire as noted in the table below. Share issuance and financing costs will be fully amortized in 2024. 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 non-capital income tax losses which expire as noted in the below table.

2035		**767,440**
2036		**467,980**
2037		**573,270**
2038		**1,250,140**
2039		**1,056,060**
2040		**1,234,170**
	$	**5,349,060**

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**
Indefinite		**10,638,330**
	$	**14,951,440**

(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, 2020, included in accounts payable and accrued liabilities are amounts owing to a company controlled by an officer in the amount of $52,500 (July 31, 2019 – $7,000) for consulting fees and amounts owing to directors of $602,287 (July 31, 2019– $26,200) for director's fees.

During the years ended July 31, 2020, 2019 and 2018, the Company incurred the following expenses charged by directors and key management personnel or companies controlled by these individuals:

	Year ended July 31,		
	2020	**2019**	**2018**
a) Paid or accrued professional fees to a company controlled by an officer of the Company	**$ 42,000**	$ 42,000	$ 42,000
b) Paid or accrued consulting fees to companies controlled by individual directors.	**$ 56,804**	$ 121,112	$ 126,000
c) Paid or accrued wages and consulting fees to directors	**$ 541,310**	$ 280,938	$ 263,365
d) Share based compensation to directors and officers	**$ -**	$ -	$ 207,471

11. Capital Management

The Company's capital comprises share capital, share-based payment reserve, warrant reserve, and accumulated other comprehensive 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, 2020, the Company has a negative working capital balance of $4,548,526 (July 31, 2019 – negative working capital balance of $1,185,354) and long term loans of $306,878 (July 31, 2019 – nil). 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.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5+ years
Accounts payable and accrued liabilities	$ 4,562,856	$ 4,562,856	$4,562,856	$ -	$ -	$ -
Short-Term Loan	306,878	306,878	-	306,878	-	-
Government grant	191,572	210,271	-	210,271	-	-
	$ 5,061,306	**$ 5,080,005**	**$4,562,856**	**$ 517,149**	**$ -**	**$ -**

Market Risk

i. Interest rate risk

Interest Rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Loans payable include fixed interest rates; however, the Company does not believe it is exposed to material interest rate risk.

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 2020, a 5% depreciation or appreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate $175,000 (2019 - $45,000, 2018 - $55,000) decrease or increase, respectively, in total loss and comprehensive loss.

(Expressed in Canadian Dollars)

12. Financial Risk Factors (continued)

c) **COVID-19**

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, including Canada and the United States have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. Such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effect relating to employees' welfare, slowdown and stoppage of manufacturing, commerce, shipping, delivery, work, travel and other activities which are essential and critical for maintaining on-going business activities. Given the uncertainty around the extent and timing of the future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, the Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial condition; infections may become more widespread and the limitation on the ability to work, travel and timely sell and distribute products, as well as any closures or supply disruptions, may be extended for longer periods of time and to other locations, all of which would have a negative impact on the Company's business, financial condition and operating results. In addition, the unknown scale and duration of these developments have macro and micro negative effects on the financial markets and global economy which could result in an economic downturn that could affect demand for the Company's products and have a material adverse effect on its operations and financial results, earnings, cash flow and financial condition.

13. Research and Development Costs

	Year ended July 31, 2020	2019	2018
Wages and Salaries	**$ 728,823**	$ 855,864	$ 558,114
Clinical Trials and Investigational drug costs	**2,104,366**	3,605,738	2,194,327
Office Rent	**33,707**	51,316	69,871
Licensing	**2,110**	241,990	34,967
Supplies	**-**	25,715	81,915
Insurance product	**49,184**	5,012	5,596
Patents	**61,954**	131,652	167,789
	$ 2,980,144	$ 4,917,287	$ 3,112,579

(Expressed in Canadian Dollars)

14. General and Administration Costs

	Year ended July 31,		
	2020	**2019**	**2018**
Consulting (Note 10)	**$ 193,720**	$ 342,940	$ 515,960
Insurance	**19,012**	16,000	20,867
Amortization	**18,741**	18,743	16,894
Professional fees (Note 10)	**1,054,130**	289,720	244,131
Regulatory, filing and transfer agent fees	**49,117**	52,879	85,496
Rent	**25,827**	15,576	15,081
Shareholder communications	**132,694**	338,241	289,208
Travel	**2,607**	48,103	46,251
Wages and salaries (Note 10)	**249,080**	68,367	110,456
Other	**112,537**	53,902	43,369
	$ 1,857,465	$ 1,244,471	$ 1,387,713

15. Commitments

The Company's lease arrangement for office space in Berkeley, California ends in January 2021 and the lease commitment is on a monthly basis in the amount of $2,368 per month.

16. Events After the Reporting Period

a) On August 18, 2020, the Company issued 50,000 common shares to Sichenzia Ross Ference LLP or certain members or employees of Sichenzia Ross Ference LLP as compensation for legal services. The shares were valued at $7.48 per share.

b) On November 17, 2020, the Company closed a brokered private placement (the "Offering") of an unsecured convertible debenture unit of the Company (the "Unit") to a single subscriber, purchased at a price of $375,000, less an original discount of approximately 29.33%, for aggregate gross proceeds of $265,000.

The Unit is comprised of (A) $375,000 principal amount (“Principal Amount”) of a 5.0% convertible unsecured debenture of the Company (the “Debenture”), due on the earlier of (i) 5 years from the issue date; (ii) the Company receiving $2,000,000 or more by way of private placement or public offering; or (iii) such earlier date as the principal amount hereof may become due, subject to extension upon mutual agreement of the Company and the holder of the Debenture; and (B) 69,188 common share purchase warrants of the Company (“Warrants”).

The Debenture is convertible, at the option of the holder thereof, from the period beginning on May 16, 2021, until the repayment of the Debenture in full, into that number of common shares of the Company (“Common Shares”) computed on the basis of the principal amount of the Debenture divided by the conversion price of $5.42 per Common Share (the “Conversion Price”).

Each Warrant entitles the holder thereof to purchase one Common Share of the Company (each a “Warrant Share”) for a period of five (5) years from the Closing Date at a price of $5.42 per Warrant Share, subject to adjustment as set forth in the Warrants. Each Warrant may also be exercised by presentation and surrender of the Warrant to the Company with a written notice of the Subscriber’s intention to effect a cashless exercise.

The Debenture will bear interest at a rate of 5.0% per annum and the Debenture may be prepaid in full or in part by the Company during the initial 120 day period after issuance of the Debenture without penalty. After 120 days, and only if the Company elects to prepay the Debenture prior to November 16, 2021, the Company will be required to pay a cash prepayment penalty equal to 35% of the Principal Amount of the Debenture (the “Prepayment Penalty”). In the event of default on the Debenture, the interest rate will increase to 12% per annum and a cash penalty payment equal to 40% of the Principal Amount of the Debenture will be added to the Principal Amount of the Debenture (the “Default Penalty”); and the Principal Amount, any accrued and unpaid interest and any other amount owing pursuant the Debenture, including any Prepayment Penalty and/or Default Penalty outstanding at that time shall be accelerated, and shall become immediately due and payable at the option of the holder.

16. Events After the Reporting Period (continued)

In consideration for the services rendered by ThinkEquity, a division of Fordham Financial Management, Inc. (the "Broker"), the Broker received a cash commission of $26,500 from the Company in connection with the Offering. As additional consideration, the Company also issued to the Broker 4,890 non-transferable compensation warrants (the "Compensation Warrants"). Each Compensation Warrant is exercisable to acquire one Common Share at an exercise price of $5.42 at any time in whole or in part for a period of five (5) years from the Closing Date.