Management's Report on Financial Position and Operating Results

For the three and nine months ended September 30, 2016

LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

Our achievements during the third quarter of 2016 reinforced the strong progress that Immunovaccine has established across all three pillars that support its long-term success and value proposition for our DepoVax™-based pipeline, namely: 1) development of our immuno-oncology pipeline, 2) expansion of our infectious disease programs, and 3) bolstering our corporate infrastructure.

Highlights this quarter include:

- Announcing positive Phase 1/1b topline results for DPX-Survivac in ovarian cancer
- Dosing the first patient in our ongoing Phase 1b trial in collaboration with Incyte Corporation, which we believe to be the first trial to assess triple combination therapies in ovarian cancer
- Terminating our licensing agreement with Immunotope Inc. as a means to reallocate resources from our DPX-0907 candidate to accommodate planned growth for other immuno-oncology programs
- Publication of preclinical research on the effects of combining DepoVax™-based vaccines and anti-PD-1 therapies in *The Journal for ImmunoTherapy of Cancer*
- Announcing positive Phase 1 results for our DPX-RSV candidate, which also marked the first infectious disease clinical demonstration of safety and immunogenicity for a DepoVax™-based compound
- Presentations at several prestigious scientific conferences, showcasing the depth and breadth of our DepoVax™-based pipeline in applications that span from malaria and RSV, to immuno-oncology checkpoint inhibitor combinations

Advancing the Immuno-Oncology Pipeline

Our immuno-oncology program continued to demonstrate growth and our commitment to developing new treatments for ovarian cancer. We advanced partnerships and showed steady clinical progress in this disease area, which is one of the most exigent unmet medical needs in today's oncology landscape.

We achieved a major milestone in our ongoing collaboration with Incyte Corporation, dosing the first patient in our Phase 1/1b trial evaluating the safety and immunogenicity of what we believe to be the first triple combination therapy in patients with recurrent ovarian cancer, which includes DPX-Survivac, Incyte's IDO1 enzyme inhibitor epacadostat, and low-dose cyclophosphamide. The first data readout from this study is planned for Q1 2017.

We also announced positive topline data in our own Phase 1/1b trial evaluating DPX-Survivac in combination with cyclophosphamide in ovarian cancer. The expanded data set continued to reinforce earlier results that showed that DPX-Survivac was well tolerated, with no unexpected treatment-related serious adverse events ("SAEs") and that it could generate a relevant, sustained immune response. Although the trial was not specifically designed to assess progression-free survival ("PFS"), new trial data indicated that there may be a correlation between the immune response and PFS. In addition, researchers determined an optimal dosing schedule to be used in future trials evaluating DPX-Survivac in this indication.

These findings are quite significant for DPX-Survivac because they reinforce the utility and inherent value in its novel mechanisms of action. These data adds to the growing body of research indicating the positive effects that DepoVax™-based agents have on increasing circulating T-cells and tumor susceptibility to checkpoint inhibitor therapies. The clinical data thus far, we believe, advantageously positions DPX-Survivac as an optimal component of future combination therapies in this space.

These findings related to combination therapies were further echoed in our preclinical data presentation this September at the 2016 CRI-CIMT-EATI-AACR International Cancer Immunotherapy Conference. Researchers presented findings evaluating the effects of a DepoVax™-based agent in combination with cyclophosphamide on tumor progression and the tumor microenvironment (TME). Further analyses suggested that anti-PD-1 agents in combination with a T cell activation therapy might act synergistically to delay tumour growth. These findings were published in the *Journal for ImmunoTherapy of Cancer* in October 2016. We believe that this research provides further support for effective T cell

activation therapies in combination with checkpoint inhibitors in upcoming clinical development, and we are in active discussions with collaborators in this space.

With an eye towards focusing our immuno-oncology programs on those best-positioned to maximize the advantages of our DepoVax™-based system and the needs of our current and future collaborators, we terminated our agreement with Professor Marianna Nuti, Ph.D., Department of Experimental Medicine at the University of Rome for an investigator-lead planned trial on DPX-Survivac in patients with glioblastoma. We also began the process of terminating the licensing agreement with Immunotope Inc. for the use of certain patented antigens. These antigens had been used specifically for our DPX-0907 program, which we have opted to discontinue.

Leveraging DepoVax™-based Technology in Infectious Disease

The second pillar of our business strategy focuses on leveraging our DepoVax™-based technology in the infectious disease arena. Respiratory syncytial virus (RSV) continues to be a large unmet medical need, particularly among vulnerable populations like the elderly, very young and immuno-compromised. Recent industry setbacks in developing a vaccine to address this infection are indicative of the challenges facing clinicians who are working to address its debilitating effects.

In July, we announced positive interim data, which was followed up shortly after the quarter ended with even stronger topline data, from our Phase 1 trial in RSV evaluating the safety and immunogenicity of our vaccine candidate, DPX-RSV. These results yielded three significant points that highlight the value of our DPX-RSV program:

1. Achieving a key safety milestone—namely demonstration of a tolerable safety profile with no significant adverse events;
2. Demonstrating relevant, antigen-specific immune responses at least six months after the last vaccination in both low-dose (8/8 participants) and high-dose (7/8 participants) cohorts; and,
3. Highlighting the advantages of our proprietary mechanism of action as well as targeting the SH antigen of RSV, which are unlike other approaches that may not provide enough protection against RSV and its complications.

Currently, there is no marketed vaccine to prevent this infection. To the best of our knowledge, we are the only program targeting the SH antigen to address RSV, and we hold exclusive worldwide licenses on applications that target the SH ectodomain antigen in RSV. This puts us in a position, potentially, to both bring much-needed benefit to address an unmet public health need and drive value for our investors and potential future collaborators via a novel, proprietary methodology to combat RSV.

We also bolstered our infectious disease-related development programs, presenting data at three prestigious conferences. Researchers detailed findings of the novel DPX-RSV program at the International Respiratory Syncytial Virus Symposium (RSV16), the World Vaccine Congress, and ID Week. In addition, shortly after the quarter ended, our collaborators at the University of Edinburgh announced positive preclinical data on DepoVax™-based malarial vaccine research at the World Vaccine Congress. While there are multiple pathogens and forms of malaria, this study focused specifically on the type of infection most likely to result in death, in which infected red blood cells stick together with uninfected red cells, forming clumps within small blood vessels that block blood flow. This process, known as rosetting, can result in hypoxia, organ damage, and, in some cases, death.

Researchers found that novel targets, when formulated in the DepoVax™ targeting platform, generated strong, sustained, antibody responses that could prevent, after a single injection, the 'rosetting' process. Severe malaria continues to present a significant worldwide health concern, and we believe that a vaccine that can address its most virulent forms could positively impact global malaria-related mortality rates. For Immunovaccine, this further supports the value proposition that DepoVax™ is emerging as an ideal enabling agent for novel treatments being developed to address some of the world's most challenging infectious diseases.

Delivering on Corporate Objectives

On the corporate front—the third pillar of Immunovaccine's value proposition— we started off this quarter with a strong financial position, coming off of an $8M equity financing that occurred just before the quarter started. We continued to

expand the audience of potential investors for Immunovaccine, participating in the BIO Investor and Rodman & Renshaw conferences.

Shortly after the quarter ended, we announced the departure of the Chief Financial Officer ("CFO") at Immunovaccine. We are grateful for the many years of service that Kimberly Stephens has provided as CFO, and we wish her well in her new position. We are well underway with the process of identifying a new CFO, and Kimberly will continue to work with Immunovaccine through December 2016 while we transition her successor into the position.

In addition, we are very proud to have recently named our first-ever Chief Medical Officer appointment, as Dr. Gabriela Rosu joins our leadership team. Dr. Rosu brings to Immunovaccine more than 15 years of broad clinical and pharmaceutical industry experience that spans the entire value chain of pharmaceutical development, from early phase discovery to post-marketing commercialization. The clinical and commercial experience that Gabriela brings to our team will be instrumental in preparing for our expansion and validates the potential of our platform and product candidates. We are thrilled to welcome her to our team, and believe that the depth and breadth of her medical knowledge, as well as her industry track record, are tremendous assets to our organization.

While cancer and infectious disease may present as very different illnesses, they share the process of continually evolving, often outpacing even the newest treatment options that our industry can bring to market. This third quarter, while our clinical programs continued to progress, we were also able to expand our research and development activities, including research in malaria and neoepitope immunotherapies, ensuring that our DepoVax™-based platform is well positioned to be a long-term force in immuno-oncology and infectious diseases. We expect continued progress along these fronts for the balance of 2016 and into 2017. We are also looking forward to advancing the programs with our current collaborators, and to announcing new partnerships that will drive value to our investor base, and support our goal of to bringing novel medicines to market quickly and safely. To read our press release on our 2016 Q3 Financial Results, please click here.

Thank you for your continued support.

Frederic Ors
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")

The following analysis provides a review of the unaudited interim condensed consolidated results of operations, financial condition and cash flows for the three and nine months ended September 30, 2016 ("Q3 2016"), with information compared to the three and nine months ended September 30, 2015 ("Q3 2015"), for Immunovaccine Inc. ("Immunovaccine", "IMV" or the "Corporation"). This analysis should also be read in conjunction with the information contained in the audited consolidated financial statements and related notes for the years ended December 31, 2015 and December 31, 2014.

The Corporation prepares its unaudited interim condensed consolidated financial statements in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Additional information regarding the business of the Corporation, including the Annual Information Form of the Corporation for the year ended December 31, 2015 (the "AIF"), is available on SEDAR at www.sedar.com.

Amounts presented in this MD&A are approximate and have been rounded to the nearest thousand except for per share data. Unless specified otherwise, all amounts are presented in Canadian dollars.

Statistical information and other data relating to the pharmaceutical and biotechnology industry included in this MD&A are derived from recognized industry reports published by industry analysts, industry associations and/or independent consulting and data compilation organizations. Market data and industry forecasts used throughout this MD&A were obtained from various publicly available sources. Although the Corporation believes that these independent sources are generally reliable, the accuracy and completeness of the information from such sources are not guaranteed and have not been independently verified.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements use such words as "will", "may", "could", "intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect the Corporation's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Forward looking statements include, among others:

- the Corporation's business strategy;
- statements with respect to the sufficiency of the Corporation's financial resources to support its activities;
- potential sources of funding;
- the Corporation's ability to obtain necessary funding on favorable terms or at all;
- the Corporation's expected expenditures and accumulated deficit level;
- the Corporation's expected outcomes from its ongoing and future research and research collaborations;
- the Corporation's exploration of opportunities to maximize shareholder value as part of the ordinary course of its business through collaborations, strategic partnerships and other transactions with third parties, which may include merger and acquisitions activities;
- the Corporation's plans for the research and development of certain product candidates;
- the Corporation's strategy for protecting its intellectual property;
- the Corporation's ability to identify licensable products or research suitable for licensing and commercialization;
- the Corporation's ability to obtain licences on commercially reasonable terms;
- the Corporation's plans for generating revenue;
- the Corporation's plans for future clinical trials; and
- the Corporation's hiring and retention of skilled staff.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed in the AIF, under the heading "Risk Factors and Uncertainties". Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot provide any assurance to investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- obtaining additional funding on reasonable terms when necessary;
- positive results of pre-clinical and clinical tests;
- the Corporation's ability to successfully develop existing and new products;
- the Corporation's ability to hire and retain skilled staff;
- the products and technology offered by the Corporation's competitors;
- general business and economic conditions;
- the Corporation's ability to protect its intellectual property;
- the Corporation's ability to manufacture its products and to meet demand; and
- regulatory approvals.

These statements reflect management's current beliefs and are based on information currently available to management. The information contained herein is dated as of November 8, 2016; the date of the Board's approval of the MD&A and the Q3 2016 unaudited interim condensed consolidated financial statements. A more detailed assessment of the risks that could cause actual results to materially differ from current expectations is contained in the section entitled "Risk Assessment" of this MD&A.

CORPORATE OVERVIEW

Immunovaccine is a clinical-stage biopharmaceutical company that develops products based on its proprietary vaccine enhancement platform with a primary focus on T cell activating therapies for cancer. The Corporation also capitalizes on licensing opportunities of its platform for other applications, including infectious diseases. The Corporation's proprietary DepoVax™ delivery platform is believed to produce a strong, high-quality immune response that has a specific and sustained immune effect and enables the Corporation to pursue vaccine candidates in cancer, infectious diseases and other vaccine applications.

The DepoVax™ platform is being used in multiple vaccine candidates, including a cancer immunotherapy candidate that has completed Phase 1 clinical trials. The Corporation's cancer immmunotherapy, DPX-Survivac, is currently being tested in a company-sponsored Phase 2 trial in lymphoma and a Phase 1b trial in ovarian cancer. DPX-Survivac is also being tested in a co-funded Phase 1b trial with Incyte Corporation ("Incyte"), which will evaluate the combination of DPX-Survivac with Incyte's investigational oral indoleamine 2,3-dioxygenase 1 ("IDO1") inhibitor, epacadostat, in ovarian cancer patients. The Corporation's infectious disease vaccine against respiratory syncytial virus ("RSV") has completed a Phase 1 clinical trial in Halifax, Nova Scotia. The Corporation is also conducting several research and clinical collaborations, including ones with the Dana Farber Cancer Institute for the Human Papillomavirus ("HPV") and Leidos Inc. ("Leidos") in the U.S for malaria and the Zika virus.

The common shares of the Corporation are currently listed on the Toronto Stock Exchange under the symbol "IMV" and trade on the OTCQX under the symbol "IMMVF".

Based in Halifax, Nova Scotia, the Corporation had 23 full-time and part-time employees and four part-time consultants as of September 30, 2016. Being involved in a scientific and technical business, the Corporation requires staff with significant education, training and scientific knowledge that cannot be recruited or replaced easily. As a result, the Corporation recruits talented expertise locally, nationally and internationally. The business of the Corporation requires personnel with specialized skills and knowledge in the fields of basic and applied immunology,

chemistry, formulation research and analytical chemistry method development. The Corporation employs trained scientists with broad experience in these fields including five employees holding PhD degrees and nine holding MSc or MBA degrees. In addition to the core team, the Corporation has also assembled a Scientific Advisory Board ("SAB") of experienced and internationally recognized scientific advisors to assist management in dealing with industry-related issues and how these issues may affect the Corporation's scientific research and product development.

BUSINESS STRATEGY

Operating Strategy

The DepoVax™ vaccine delivery platform drives the operating strategy for the Corporation. All of the Corporation's development relies on this platform improving the effectiveness of vaccines against cancer and infectious diseases. While this platform may have broad application across multiple areas, the Corporation is mainly focusing on the field of immuno-oncology, advancing the clinical development of products combining DepoVax™ with proprietary cancer antigens.

The Corporation has a clinical-stage cancer immunotherapy, DPX-Survivac. Immunovaccine believes the principles behind a successful cancer immunotherapy should include a targeted antigen and an effective adjuvanting and vaccine delivery technology, combined with a complementary therapeutic strategy. Antigens used in DPX-Survivac are believed to specifically target tumor cells without harming normal, healthy cells. These antigens are combined with the Corporation's DepoVax™ platform in an effort to optimize the presentation of these antigens to the immune system, resulting in an enhanced immune response. To be successful against cancer, the Corporation believes the vaccine must be administered in the right therapeutic setting, which includes a combination of therapies that help target various aspects of cancer. Immunovaccine also believes that the effect of the vaccine may be enhanced if an immune modulator is used simultaneously to prevent a patient's immune system from overriding the positive response to the vaccine. The Corporation's goal in immuno-oncology is to advance its proprietary vaccines in combination trials with pharmaceutical and large biotechnology companies to establish strategic partnerships and support further development and commercialization.

In collaboration with commercial and academic partners, the Corporation is also expanding the application of DepoVax™ as a delivery platform for vaccines targeted against infectious diseases. Pre-clinical studies have indicated that the platform may allow the development of enhanced vaccines for a wide range of infectious diseases by generating a stronger and more durable immune response more quickly than is possible with existing delivery methods. For vaccine targets that are poorly immunogenic, the platform may significantly reduce the number of immunizations required. The Corporation's goal in infectious diseases is to out-license the DepoVax™ platform to selected partners.

Financing and Partnering Strategy

Immunovaccine relies on equity financing and non-dilutive private and public partnerships to fund its development programs. Applying this strategy, the Corporation has obtained more than $15 million in government funding, including interest-free loans and government grants, from both the Province of Nova Scotia and from the federal government through the Atlantic Canada Opportunities Agency ("ACOA"). The Corporation has raised more than $55 million in equity through prospectus offerings, private placement offerings and the exercise of stock options and warrants. Most recently, the Corporation completed a bought deal private placement for $8 million on June 8, 2016.

In addition to using its own resources to develop its products through clinical trials, the Corporation is also involved in various collaborations and licensing deals to accelerate the development of its DepoVax™ platform and immuno-oncology products. The Corporation is conducting a collaboration with Incyte, to evaluate the combination of the Corporation's lead cancer immunotherapy, DPX-Survivac, with their IDO1 inhibitor, epacadostat, in a co-funded Phase 1b clinical trial in ovarian cancer patients. Results from this study may lead to an expansion of the clinical collaboration to investigate other cancers. The Corporation is also in discussions with large pharmaceutical partners to potentially test DPX-Survivac in combination with other immunotherapies in clinical trials.

Other programs include: a clinical research collaboration with the Canadian Centre for Vaccinology ("CCfV") for the completed Phase 1 clinical trial funded by the Canadian Institutes of Health Research ("CIHR") of an RSV vaccine; a collaboration with the Dana Farber Cancer Institute funded by Stand Up 2 Cancer-Farrah Fawcett Foundation for

producing a DepoVax™-based vaccine for HPV related cancers; and a collaboration with UConn Health on a pre-clinical study to evaluate the immunologic and anti-tumor activity of patient-specific neoepitopes. The underlying goal of these types of partnerships is to produce pre-clinical and clinical data that will lead to licensing agreements, either to allow the use of the Corporation's DepoVax™ platform by others or provide access to specific pipeline product candidates.

Immunovaccine is also collaborating with Leidos on the development of a Zika virus vaccine and a malaria vaccine.

Immunovaccine also maintains a commercial relationship with Zoetis, formerly the animal health division of Pfizer, which has licensed the Corporation's delivery technology platform to develop vaccines for livestock. These license agreements include upfront signing fees, milestone payments and royalties from future vaccine sales.

The Corporation intends to be opportunistic in the development of its products by exploring a variety of avenues, including co-development through potential collaborations, strategic partnerships or other transactions with third parties, and merger and acquisitions opportunities. The Corporation may seek additional equity and non-dilutive funding and partnerships to advance the development of its vaccine product candidates.

PLATFORM AND PRODUCTS IN DEVELOPMENT

DepoVax™ Vaccine Enhancement Platform

The DepoVax™ platform is a combination of antigens, plus adjuvant (immune enhancers) formulated in lipids and, after freeze drying, suspended directly into oil. With the ability to retain the active components at the injection site, the DepoVax™ platform creates a long-lasting "depot effect" that prolongs the exposure of vaccine ingredients to immune cells at the site of vaccination. The DepoVax™ platform forms the basis of Immunovaccine's therapeutic cancer and infectious diseases vaccine candidates.

DepoVax™-formulated vaccines have shown an ability to induce rapid and robust immune responses that may protect against disease agents with as little as one dose. The single-dose capability could be a key factor for developing rapid response vaccines for pandemics and infectious disease outbreaks.

The Corporation believes the ability of DepoVax™ to induce robust cellular immune responses makes the platform uniquely suitable for cancer immunotherapies, which are designed to target tumor cells. DepoVax™ can induce antigen-specific "poly-functional" cellular responses, which are postulated to be required for effective tumor control.

The DepoVax™ platform can be combined with a variety of antigens, including recombinant proteins, synthetic peptides and nucleic acids, viruses and a wide range of adjuvants, which provides both versatility and flexibility to develop many different vaccine products using a single platform.

This unique formulation provides extended chemical stability. DepoVax™-based products are lyophilized and stored in a dry format, which provides the added benefit of an extended shelf life. The DepoVax™ formulation is designed to be easy to re-suspend and administer.

The ongoing clinical studies with DepoVax™ based vaccines for the treatment of cancer and for protection from infectious diseases are expected to demonstrate the competitive advantages of this platform.

DPX-Survivac

Product Overview

DPX-Survivac uses survivin-based antigens licensed from Merck KGaA, on a world-wide exclusive basis, formulated in DepoVax™. Survivin is a major tumor-associated antigen over-expressed in many cancers, making it a viable target for a broadly applicable immunotherapy. DepoVax™ delivers the survivin-based antigens in a lipid depot-based format designed to generate a strong and prolonged immune response.

Survivin is essential for the survival of cancer cells and functions as an inhibitor of cell death, known as apoptosis. The presence of high levels of survivin in cancer cells is believed to make them susceptible to a survivin-targeted vaccine. The Corporation's survivin-based vaccine candidate, DPX-Survivac, aims to train the immune system to recognize and kill survivin-containing cancer cells. This could provide a clinical benefit to patients by delaying cancer progression and/or increasing overall survival. The United States National Cancer Institute has recognized survivin as a promising antigen for cancer treatment based on its specificity, over-expression in cancer cells and immunogenicity potential.

The Corporation believes DPX-Survivac could have broad commercial potential as a cancer immunotherapy because it may be applicable for the treatment of multiple solid tumors and hematological cancers, including ovarian, glioblastoma, breast, pancreatic, multiple myeloma, B-cell lymphoma, and melanoma, among other cancers. The Corporation intends to continue with pre-clinical testing of DPX-Survivac in a broader range of cancer indications to evaluate additional opportunities.

Clinical Trial Development – Current and Planned Trials

In June 2015, the Corporation announced it had entered into a non-exclusive clinical trial collaboration with Incyte to evaluate the combination of Immunovaccine's novel T cell activating immunotherapy, DPX-Survivac, with Incyte's investigational oral IDO1 inhibitor, epacadostat. Immunovaccine and Incyte are co-funding and conducting a multicenter, open-label, Phase 1b study to evaluate the safety, tolerability and efficacy of the novel combination in platinum-sensitive ovarian cancer patients who are at high risk of recurrence. The investigational new drug ("IND") application for the study, which will test the triple combination of DPX-Survivac, epacadostat and low dose oral cyclophosphamide, was approved by the U.S. Food and Drug Administration ("FDA") and Health Canada in January 2016. The study was initiated on September 8, 2016 and is expected to enroll approximately 20 patients. Results from this study may lead to an expansion of the clinical collaboration to investigate other cancers.

The Corporation initiated a Phase 2 clinical trial in 2015, in diffuse large B cell lymphoma ("DLBCL") at the Ottawa Hospital Research Institute and the Odette-Sunnybrook Cancer Centre. The first patient was dosed in March 2015. Researchers are seeking to enroll up to 24 patients. The open label study is designed to determine the objective response rate of patients with recurrent survivin-expressing DLBCL when treated with DPX-Survivac in combination with low dose oral cyclophosphamide. The Corporation announced in November 2015 that the initial results from a Phase 2 study demonstrated that DPX-Survivac can induce an immune response in DLBCL tumors. This early result demonstrates that DPX-Survivac, Immunovaccine's lead cancer immune therapy, can induce immune responses in hematologic cancers, such as DLBCL. Researchers observed changes in tumor-infiltrating T cells following administration of the DPX-Survivac therapy, which correlated with an immune response produced by DPX-Survivac and detected in the blood.

The Corporation is in the process of completing a Phase 1b dose-optimizing trial in ovarian cancer. Interestingly, a patient enrolled in the Phase 1b trial with stable disease and rising blood levels of the cancer biomarker CA-125 experienced a 43% reduction in the size of her tumor within five months, and the tumor remained stable for more than a year. The partial response, defined as a shrinking of tumor size by at least 30%, using Response Evaluation Criteria In Solid Tumors, was accompanied by reduction in levels of a commonly used ovarian cancer biomarker CA-125 and a significant increase in vaccine-induced immune responses in this patient. This durable clinical response highlights the therapeutic potential of DPX-Survivac for ovarian cancer patients.

The Corporation recently announced additional data from its Phase 1b dose-optimizing trial in ovarian cancer, which reinforced previously reported results showing that DPX-Survivac was well tolerated with no unexpected treatment-related serious adverse events ("SAEs") and that it demonstrated the ability to generate a relevant, sustained immune response. This has allowed the Corporation to select a preferred dosing schedule of DPX-Survivac for upcoming studies. New data from the Phase 1/1b trial also demonstrated increased expression of several checkpoint inhibitor molecules.

The Corporation has terminated the agreement with Professor Marianna Nuti, Ph.D., Department of Experimental Medicine at the University of Rome, who was going to conduct an investigator-led trial on DPX-Survivac in patients with glioblastoma. Due to the delay in obtaining approval by the European regulatory agency to test the vaccine in Europe, there was a significant delay in initiating this trial and in the process, access to the funding grant had expired.

As this trial is not in line with the business strategy of combination therapy with checkpoint inhibitors, it was determined to cease all efforts regarding this trial.

The Corporation is pursuing opportunities for additional trials with pharmaceutical companies, including combination therapies with DPX-Survivac and other complementary immunotherapies such as anti-PD-1.

Clinical Trial Development – Completed Trials

Immunovaccine completed a Phase 1 clinical trial of DPX-Survivac in ovarian cancer patients, which was conducted at six clinical sites in the US and Canada. The Phase 1 trial was an open-label clinical trial designed to evaluate sequentially, the safety of two DPX-Survivac dosing regimens in 18 patients. This Phase 1 clinical trial established the safety and immunogenicity of DPX-Survivac in patients with advanced ovarian cancer.

The Corporation released interim results in October 2012, and in January 2013 and final detailed positive results in June 2013 on the Phase 1 clinical trial. The analysis, which included all 18 patients enrolled in the study, confirmed that 12 of the 18 patients who received the DPX-Survivac combination therapy demonstrated antigen-specific immune responses. They were measured by at least one of the study's three immune monitoring assays (ELISpot, tetramer analysis and multi-parametric intracellular cell staining). In 11 of 12 patients, the immune responses were confirmed by two of the assays (five patients) or three of the assays (six patients) performed. These immune responses were established with one or two vaccinations and further increased or maintained with follow-up booster vaccinations. Importantly, poly-functional CD8 responses were reported, indicating the activation of high quality CD8 T cells, and the responses were maintained with booster vaccinations. The activation and maintenance of these specific immune cells is of particular interest in immunotherapy since CD8 T cells are implicated in identifying cancer cells, infiltrating tumors and killing cancer targets.

Also, in the Phase 1 clinical trial, DPX-Survivac was deemed well-tolerated with no significant systemic adverse events reported in any patients recruited in this study. Reported adverse events were related primarily to grade 1-2 injection site reactions, which were experienced by the majority of patients after repeated vaccinations. Those patients presenting the strongest immune responses were more likely to exhibit more pronounced injection site reactions. Grade 3 injection site ulcerations, which were an expected adverse event with this vaccine, were experienced by three patients during the trial. Upon a six month follow-up for the majority of patients, a trend of delayed progression was observed in patients who had strong immune responses to DPX-Survivac. The trend of delayed cancer progression, which was not statistically significant, may be attributed to the therapy or may be attributed to other unrelated factors. The results from this clinical trial were published in the peer-reviewed scientific journal *Oncoimmunology*.

Immunovaccine highlighted results demonstrating that metronomic cyclophosphamide ("mCPA"), an immune modulating agent, enhanced the immunogenicity of DepoVax™-based vaccines in preclinical cancer models consistent with previously reported Phase 1 data showing a similar enhancement of DPX-Survivac in patients. Importantly, the animal studies demonstrated the combination therapy's ability to eliminate advanced tumors that could not be treated with vaccine or mCPA alone. Tumors exposed to the combination therapy specifically exhibited an increase in T cell activation markers, suggesting increased immune-mediated anti-tumor activity at the tumor site with the vaccine/mCPA therapy and further supporting the use of the combination therapy in clinical trials. This work was published in the peer reviewed scientific journal *Oncoimmunology*.

Orphan Drug Status and Fast Track Designation

The Corporation announced in July 2015 that the FDA had granted orphan drug status to DPX-Survivac for the treatment of ovarian cancer. This designation is valid for all applications of DPX-Survivac in ovarian cancer without restriction to a specific stage of disease.

Immunovaccine had previously received FDA fast track designation for DPX-Survivac. The designation is intended for patients with no measurable disease after their initial surgery and chemotherapy.

DPX-0907

Product Overview

DPX-0907 combines the Corporation's DepoVax™ delivery technology with seven HLA-A2-restricted cancer-specific antigens licensed from Immunotope Inc ("Immunotope").

Clinical Trial Development – Completed Trials

The Corporation completed a Phase 1 clinical trial of DPX-0907 and the results of the trial were released in June 2011, with more detailed results published in the Journal of Translational Medicine in August 2012. The Phase 1 trial was conducted at five centers in the US. In this open-label, dose-escalating trial, patients received three injections (0.25 mL or 1 mL doses) of the active immune therapy DPX-0907, three weeks apart.

Most recently, Immunovaccine terminated its exclusive world-wide licence with Immunotope for the use of certain patented antigens that were being used in DPX-0907 as this approach is not in line with the business strategy of combination therapy with checkpoint inhibitors.

DPX-RSV

Product Overview

A significant component of the Corporation's business strategy is licensing the DepoVax™ platform within infectious and other diseases. The DepoVax™ adjuvanting platform has the potential to generate a rapid and robust immune response, often in a single dose. The unique vaccine enhancement and single-dose capability could prove to be beneficial in targeting difficult infectious and other disease candidates.

The Corporation has performed pre-clinical research activities for a vaccine targeting RSV, which is the second leading cause of respiratory illness in infants, the elderly and the immunosuppressed. Currently, there is no vaccine available for this virus and Immunovaccine is seeking to develop a novel vaccine formulation to be used in the elderly and healthy adults, including women of child-bearing age. Immunovaccine has in-licensed the RSV antigen exclusively from VIB, a non-profit life sciences research institute funded by the Flemish government, to expand its pipeline of vaccine candidates. The novel RSV antigen being evaluated in DepoVax™ is based on the short hydrophobic protein present at low levels on the surface of the RSV virion but more importantly also present on the surface of RSV-infected cells. This vaccine has a unique mechanism of action, in that the resultant antibodies bind to and destroy infected cells rather than directly bind to and neutralize free virus.

Clinical Trial Development – Current Trial

Immunovaccine obtained clearance from Health Canada to conduct a Phase 1 clinical study of its RSV vaccine in healthy adults. The RSV vaccine is formulated in Immunovaccine's proprietary DepoVax™ adjuvanting platform and is initially being developed to protect the elderly population from infection. The Phase 1 study, which is the first clinical trial of a DepoVax™-based vaccine in an infectious disease indication, is evaluating the safety and immune response profile of the RSV vaccine candidate in 40 healthy adults. The first patient was enrolled on June 30, 2015, at the Canadian Center for Vaccinology in Halifax. The trial is being co-funded by Immunovaccine.

On July 6, 2016, the Corporation announced positive interim results from this trial. The DepoVax™ prophylactic RSV vaccine candidate ("DPX-RSV") trial included 40 healthy older adult volunteers (age 50-64 years) and two dose cohorts, with 20 subjects in each cohort. Investigators analyzed the safety and immune response data of all participants up to study day 84. The safety analysis indicates that the DPX-RSV was well tolerated among all study participants, with no SAEs recorded. Furthermore, immunogenicity data supported DPX-RSV's ability to generate a relevant immune response; the vaccine candidate obtained antigen-specific antibody responses in 75 percent of subjects vaccinated with the lower dose and 100 percent of those vaccinated with the higher dose.

On October 13, 2016, the Corporation announced positive topline results from this trial. The report outlined that more than six months after the last vaccination, 15/16 of participants (93%) who received DPX-RSV demonstrated antigen-

specific immune responses. The vaccine also continued to have a positive safety profile and was well tolerated with no SAEs among all study participants.

Immunovaccine has exclusive worldwide licenses on applications that target the SH ectodomain antigen in RSV. The Corporation intends to explore opportunities to out-license this product to potential partners.

Zika Virus vaccine antigen

Immunovaccine and Leidos, a health, national security and infrastructure solutions company, are collaborating on developing a vaccine against the mosquito-borne Zika virus and infection, which may be linked to neurological birth defects. This collaboration, amended on June 23, 2016, is the first to expand on Immunovaccine's research project in which the Corporation will apply its DepoVax™ platform to development of a Zika virus vaccine candidate. Under the terms of the agreement, Leidos will utilize its Virtual Pharmaceutical Development Program to lead an antigen discovery and development team to identify the best candidate antigens for protecting against infection by the Zika virus. Immunovaccine will then formulate new antigens in its DepoVax™ delivery system for pre-clinical testing. The parties expect that this project could serve as a replicable model for expediting the development and manufacture of vaccines to address current and future health emergencies.

Licensing Agreements

While the Corporation is focused on developing a pipeline of cancer immunotherapies, it is also pursuing opportunities to license the Corporation's platform technology to other parties interested in creating enhanced vaccines on an application-by-application basis.

MARKET OVERVIEW

Cancer Immunotherapies

Cancer is considered one of the most widespread diseases globally. According to *Global Cancer Facts & Figures, 3rd edition* (released February 2015 by the American Cancer Society), it is predicted that new cancer cases will rise to 21.7 million annually and the number of cancer deaths to 13 million annually by 2030. Conventional cancer treatment involves surgery to remove the tumor when possible, as well as chemotherapy and radiation. Chemotherapies are widely used despite their associated toxicities because they interfere with the ability of cancer cells to grow and spread. However, tumors often develop resistance to chemotherapies, limiting their efficacy in preventing tumor recurrence. Despite recent advances, independent sources note a high unmet medical need in cancer therapy, noting the median survival rate remains poor. Cancer immunotherapies may provide a new and effective treatment. Andrew Baum, an analyst at CITIGROUP, has projected that immunotherapies, including vaccines, will dominate cancer therapy by the year 2020, representing a market of up to $35 billion annually.

Cancer immunotherapy seeks to harness the immune system to assist in the destruction of tumors and to prevent their recurrence. There has been significant excitement in the field of cancer immunotherapy stemming from recent clinical success in prolonging patient survival with novel compounds. The ability to apply these appropriately has resulted from a greater understanding of the immune dysfunction that is characteristic of cancer. One area in which there have been significant breakthroughs is in the area of checkpoint inhibitors, compounds that target key regulatory molecules of the immune system. Yervoy (anti-CTLA-4, or ipilumumab, developed by Bristol-Myers Squibb) was the first compound in this class to be approved for use in advanced metastatic melanoma. In cancer, these regulators (CTLA-4 and more recently PD-1 and its ligand PD-L1) act to inhibit CD8 T cell mediated anti-tumor immune responses that are crucial for tumor control. Monoclonal antibodies that target PD-1 and PD-L1 have shown remarkable efficacy in cancer patients, with a significant percentage of patients experiencing durable response to these therapies. Several of these compounds are in advanced clinical trials, with one compound, Merck's Keytruda (pembrolizumab), having received FDA approval in September of 2014 for advanced melanoma patients who have stopped responding to other therapies. Subsequently, it has also been approved for use in non-small cell lung cancer and, in August 2016, it was also approved for used in recurrent or metastatic head and neck squamous cell carcinoma with disease progression on or after platinum-containing chemotherapy. Bristol-Myers Squibb's compound nivolumab (Opdivo) has also been approved in the US and Japan for treatment of multiple cancers including metastatic melanoma, non-small cell lung cancer, renal cell carcinoma and Hodgkin's lymphoma.

In addition to clinical development of the above compounds utilized alone, there also has been development using these compounds in combination. Notably, the use of the PD-1 inhibitor, Opdivo, in combination with the anti-CTLA-4 inhibitor, Yervoy, has entered Phase 3 clinical trials in metastatic melanoma and renal cell carcinoma, after promising data in earlier trials. At the 2015 American Association of Cancer Research meeting and simultaneously published in the *New England Journal of Medicine*, it was reported that the combination in metastatic melanoma demonstrated an objective response rate of 61% as compared to 11% for Yervoy alone. This combination received approval from the FDA for use in BRAF V600 Wild-Type unresectable or metastatic melanoma in October 2015, signalling the first FDA approved combination of immune-oncology agents. There are also a number of other inhibitors in clinical development that are currently being studied in combination with these inhibitors, many at an early clinical stage.

Despite significant excitement regarding the clinical potential of these inhibitors, there is an acceptance that more will be needed in a majority of patients. It will not be enough just to block the ability of tumors to inhibit the immune system. Key opinion leaders in the field have indicated that the ideal combination, with checkpoint inhibitors, is likely to be a therapy that drives tumor specific immune responses. These include novel cancer immunotherapies and T cell based therapies. These therapies fit well with checkpoint inhibition therapy because they simultaneously activate strong tumor specific immune responses, while releasing the brakes on immune suppression. The success of such combinations should allow pharmaceutical companies to significantly expand the market of their checkpoint inhibitors, which are currently effective in approximately 10% to 30% of patients.

Pharmaceutical companies are becoming more receptive to combining their checkpoint inhibitors with clinical compounds belonging to other pharmaceutical and biotechnology companies. In the past two years, major pharmaceutical companies and large NASDAQ listed biotechnology companies have announced collaborations to test combination immunotherapies in clinical trials.

The Corporation believes that cancer immunotherapies, such as DPX-Survivac, will become an important component of these novel combination immunotherapies. This is because a treatment that specifically activates T cells has been suggested by key opinion leaders to be an essential part of a multi-pronged approach for the treatment of cancer.

Infectious Diseases

Vaccines are credited with saving millions of lives since their introduction into medical practice and the healthcare system. The reduction in morbidity and mortality caused by many infectious diseases world-wide can be directly correlated to currently available vaccines. According to data from the U.S. Centers for Disease Control and Prevention, ten infectious diseases have been at least 90% eradicated in the United States thanks to vaccines.

However, during the past decade, diseases thought to be under control or retreating, such as measles, mumps and pertussis have re-emerged, mostly due to decline in childhood vaccination rates. In addition, infectious diseases such as influenza, meningitis and yellow fever continue to be a significant public health concern, despite the availability of vaccines. Other diseases without a suitable vaccine, such as dengue and malaria, have extended their geographical reach, due to expansion of the insects which carry them. While the effort to control these known infectious diseases continues, more than 30 additional emerging diseases have been identified in humans for the first time over the past two decades, such as SARS and MERS coronaviruses.

Malaria in particular has been an area of intense vaccine research. Malaria is caused by *Plasmodium* parasites, which are spread to humans via mosquitoes in endemic countries. They have a complex life cycle in human hosts, making vaccine development very challenging. There have been multiple vaccine candidates that have moved into advanced clinical trials. In 2015, a GSK vaccine candidate, called Mosquirix™, which was developed in partnership with the PATH Malarial Vaccine Initiative, completed Phase 3 development with positive scientific review from the EMA. In their clinical study, the vaccine was delivered as a four dose series in infants over 5 months old, resulting in a 51% reduction in infection in one year, and 39% over two years. In October 2015, the World Health Organization ("WHO") officially recommended broader study of the use of this vaccine in Africa. These advancements in malaria vaccines are exciting because they are proof of concept for the malaria vaccine field, yet also leave plenty of clinical benefit that could be realized by other vaccine products.

There is an increased awareness of the impact of current and emerging infectious diseases. Demand for newer treatments and vaccines are growing globally. According to the WHO, the global market for vaccines has demonstrated a growth rate of 10-15% per year compared to 5-7% of the overall pharmaceuticals market. In 2000, the vaccine market was worth US$5 billion but rose to US$24 billion by 2013 and is projected to rise to US$100 billion by 2025.

Many infectious diseases lack effective prophylactic vaccines, and the industry faces a variety of challenges in vaccine design and production. Adjuvants and delivery methods are viewed as key technologies for the success of future vaccines. Efforts to decrease treatment duration and develop single-dose vaccines are a strong focus at the research level to improve patient compliance and decrease monitoring of therapy by the healthcare provider. Better diagnostics are being sought after for many infectious diseases. This advance could result in additional market expansion by increasing the number of patients identified for vaccine treatment. The Corporation believes this current market landscape offers significant commercial opportunities for both its technology platform and vaccines.

Pharmaceutical companies dominating this infectious diseases vaccine market include Sanofi Pasteur, GSK, Pfizer, Merck and Johnson & Johnson. Additionally, government and non-profit institutions play a significant role in vaccine development in both industrialized and developing markets. Support for infectious disease vaccine development and commercialization is available to companies through government and non-profit funding and granting mechanisms.

Respiratory Syncytial Virus (RSV)

RSV is a respiratory virus that infects the lungs and breathing passages. It can be severe in infants, the elderly, and patients with compromised immune systems. RSV is the single most common cause of severe respiratory illness in infants under the age of one and is more often being recognized as an important cause of respiratory illness in older adults. Globally, it is estimated that 64 million cases of RSV infection occur annually, with 160,000 deaths. A vaccine that strengthens the immunity of adults to this virus would lower their risk of contracting infection later in life. It would also create a cocoon of protection in the adult population (i.e. parents, grandparents and caregivers) to protect vulnerable infants from contracting this virus.

There is currently no vaccine available for the prevention of RSV.

The WHO has designated RSV as a high-priority target for vaccine development. RSV is a significant problem in the elderly, particularly if they reside in a long-term care facility or participate in other senior day-care programs. RSV attack rates in nursing homes in the USA are approximately 5% to 10% per year with a 2% to 8% case fatality rate, amounting to approximately 10,000 deaths per year among persons greater than 64 years of age.

A vaccine would likely provide patients with a stronger efficacy profile and a more sustained immune response. IMV expects that the development of a vaccine with these improved characteristics will expand the market potential, adding the elderly and immunocompromised patients. With these new patient populations, market forecasts could approach $1 billion.

Although there have been relatively few transactions related to RSV over the past decade, a renewed interest in the area due to new technologies and early research into new methods of addressing immunity, such as maternal immunity transfer for pediatric RSV, could change this over the next several years. Most transactions and alliances that have taken place in this sector have minimized the risk with a relatively modest upfront payment, followed by larger milestone payments subject to successful progression through clinical development and commercialization.

Emerging Infectious Diseases: Zika Virus

The unpredicted emergence of new infectious diseases represents a significant challenge to public health. In the past decades, diseases such as severe acute respiratory syndrome (SARS), pandemic H1N1 influenza, Middle East Respiratory syndrome (“MERS”) and most recently Zika virus have underlined the challenges in rapidly addressing potential disease threats with countermeasures such as vaccines.

Zika virus is a flavivirus, in the same virus family as dengue, yellow fever, West Nile, and Japanese encephalitis virus. Although it had been discovered in 1947, it had been isolated to relatively small outbreaks in Africa and Southeast

Asia and associated with a fairly benign infection. Typical symptoms include a rash, fever, joint pain and red eyes (conjunctivitis); yet, as many as 80% of those infected have no symptoms at all. In 2007, Zika virus was associated with a significant outbreak on the Polynesian island of Yap and was later detected to have spread to Brazil in 2015. It is through this larger expansion of infection particularly in the Northeastern region of Brazil, as well as the abundance of the viral vector, the mosquito *Aedes aegypti*, that late last year, viral infection had been potentially linked with birth defects such as microcephaly, as well as other neurological defects in adults, including Guillian-Barre syndrome and post-infection autoimmune neuropathy. In February 2016, the WHO declared a public health emergency of international concern around Zika virus, and in April 2016 confirmed a 'causal link' between Zika virus infection and neurological defects. The WHO has also indicated that this virus is spreading very rapidly in the Americas, and travellers to infected regions have returned home to many countries infected with the virus. In July 2016, locally transmitted cases of Zika virus were reported in neighborhoods in Miami. Infections have also been reported throughout the Caribbean, and in Southeast Asia.

Vaccination has been effective in controlling other flaviviruses including yellow fever virus and Japanese encephalitis virus. In December 2015, the first vaccine for dengue virus (Dengvaxia®) completed Phase 3 clinical trials and has been approved for use in several countries, including Brazil, the Phillipines and Mexico. With no proven vaccine or treatment available for Zika virus infection, many groups, including academic, governmental and industry scientists are working to rapidly develop vaccine candidates. Several biotechnology companies, including Bharat Biotech International Ltd, NewLink, Inovio and Immunovaccine, have announced plans to develop a Zika virus vaccine. An ideal vaccine candidate should be easily produced, with scalable manufacture and stability. It should also be able to rapidly generate immunity. For these reasons, a DepoVax formulated vaccine would make, in the opinion of the Corporation, an excellent candidate for dealing with this emerging health crisis.

Animal Health Market

According to industry sources, the world animal health market, defined as a sector spanning veterinary pharmaceuticals, biologics and medicated feed additives, was approximately US$23 billion in 2013. The animal vaccine market, subdivided into livestock, companion animal and smaller segments including equine, poultry and aquatic, makes up approximately 20% of the total animal health market. Europe is the leading market for veterinary vaccines followed closely by North America. Asia-Pacific is the fastest growing market for veterinary vaccines.

The world-wide livestock vaccine market is comprised primarily of cattle and swine vaccines, along with, to a lesser extent, vaccines for sheep, poultry and other food animals. There are only a few players in the animal vaccine market including Zoetis, Boehringer Ingelheim, Merial, Merck Animal Health, Novartis and AgriLabs. The majority of today's vaccines for the livestock market require a booster administration, which increases the handling. Therefore, a vaccine that requires fewer doses (one dose, in some cases) for efficacy could be a significant innovation and have the potential to replace existing products.

RECENT AND ANNUAL DEVELOPMENTS

Key developments and achievements

- On November 3, 2016, the Corporation announced positive results from preclinical studies completed in collaboration with UConn Health for Immunovaccine's DPX-NEO program, which is designed to develop patient-specific neoepitope immunotherapies. Results from the first study in mouse tumor models have shown positive anti-cancer activity. Researchers are preparing a manuscript for submission to a peer-reviewed journal and will release further data upon publication.

- On November 1, 2016, the Corporation announced that Gabriela Rosu, M.D. is joining Immunovaccine's senior management team as the Corporation's first Chief Medical Officer effective November 7, 2016. In this newly created executive role, Dr. Rosu will oversee the strategy and execution of the Corporation's expanding clinical portfolio of programs. Dr. Rosu brings to Immunovaccine more than 15 years of broad clinical and pharmaceutical industry experience that spans the entire value chain of pharmaceutical development, from early-phase discovery to post-marketing commercialization.

- On October 13, 2016, the Corporation announced positive topline results from its Phase 1 trial evaluating the safety and immunogenicity of DPX-RSV, its DepoVax™-based, small B cell epitope peptide vaccine candidate for RSV. The results, six months or more after vaccination, confirmed earlier-reported interim data on the ability of DepoVax™- formulated antigens to generate a relevant, durable immune response, that the vaccine had a positive safety profile and was well tolerated with no SAEs among all study participants. Also antigen-specific immune responses were detected at least six months after the last vaccination in 93 percent (15/16) of patients receiving DPX-RSV, in both low-dose (8/8 participants) and high-dose (7/8 participants) cohorts

- On October 11, 2016, the Corporation announced that renowned malarial researcher J. Alexandra Rowe, D Phil, of The University of Edinburgh, presented topline preclinical data for Immunovaccine's DepoVax™-based malarial vaccine at the World Vaccine Congress Europe in Barcelona, Spain on October 10, 2016. Results from studies in mice, conducted in collaboration with the University of Edinburgh's Centre for Immunity, Infection and Evolution ("CIIE"), indicated that the novel CIIE-identified targets, when formulated in the DepoVax™ targeting platform, generated strong, sustained, antibody responses that could prevent, after a single injection, a process in severe malaria known as 'rosetting.'

- On October 3, 2016, the Corporation announced that Chief Financial Officer ("CFO") Kimberly Stephens would be leaving the Corporation. The Immunovaccine management team, in conjunction with the Board of Directors, has begun the process of hiring a new CFO. Ms. Stephens will continue to assist Immunovaccine until the arrival of a replacement CFO in her position.

- On September 8, 2016, the Corporation announced that the first patient with recurrent ovarian cancer has been treated in a Phase 1b clinical study of Immunovaccine's novel T cell activating therapy, DPX-Survivac, in combination with epacadostat and low-dose cyclophosphamide. This triple combination study is the result of collaboration between Immunovaccine and Incyte to assess the safety and effectiveness of DPX-Survivac, along with Incyte's investigational oral indoleamine IDO1 inhibitor, epacadostat, and low-dose cyclophosphamide in patients with recurrent ovarian cancer who have measurable disease.

- On August 25, 2016, the Corporation announced new data from its Phase 1/1b trial in ovarian cancer, which reinforced previously reported results showing that DPX-Survivac was well tolerated, with no unexpected treatment-related SAEs and that it demonstrated the ability to generate a relevant, sustained immune response. New data from the Phase 1/1b trial yielded positive findings on tumor clinical response, including the presence of relevant circulating T cells and increased expression of several checkpoint inhibitor molecules.

- On July 6, 2016, the Corporation announced that a team of investigators had completed an interim analysis of the safety and immunogenicity of DPX-RSV in a Phase 1 clinical trial in healthy older adult volunteers. The safety analysis indicates that the DPX-RSV was well tolerated among all study participants, with no SAEs recorded. Furthermore, immunogenicity data supported DPX-RSV's ability to generate a relevant immune response; the vaccine candidate obtained antigen-specific antibody responses in 75 percent of subjects vaccinated with the lower dose, and 100 percent of those vaccinated with the higher dose.

- On June 23, 2016, the Corporation announced it had been awarded a subcontract by Leidos to evaluate Immunovaccine's DepoVax™ platform for the development of peptide based malaria vaccine targets. The subcontract is funded through Leidos' prime contract from the U.S. Agency for International Development (USAID) to provide vaccine evaluations in the preclinical, clinical and field stages of malaria vaccine development. Leidos and Immunovaccine will work together to identify adjuvant and antigen combinations that can be used to protect against malaria and with the DepoVax™ delivery system, formulate promising vaccine candidates for potential clinical testing.

- On June 8, 2016, the Corporation closed a bought deal private placement (the "Offering"), raising gross proceeds of $8,002,500 from the sale of 14,550,000 units (the "Units"). The Units were issued at a price of $0.55 per Unit, each Unit consisting of one common share in the share capital of Immunovaccine (a "Common Share") and one-half of one common share purchase warrant (each whole common share purchase

warrant, a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one additional Common Share upon payment of the exercise price of $0.72 per share until June 8, 2018.

- On June 8, 2016, the Corporation announced the nomination of Shermaine Tilley, PhD, Managing Partner of CTI Life Sciences Fund ("LSF"), to the Immunovaccine board of directors ("Board of Directors").

- On June 2, 2016, the Corporation announced a preclinical collaboration with The University of Edinburgh's CIIE. The study will explore if novel CIIE-identified targets, when formulated in the DepoVax™ delivery system, provide immunogenic responses against parasites that cause life-threatening malaria. The collaborators expect to present data later this year.

- On May 5, 2016, the Corporation announced the launch of its DPX-NEO program to develop neoepitope immunotherapies to further expand the immuno-oncology applications for its DepoVax™-based vaccines. As its first official partnership for this program, Immunovaccine will collaborate with experts in this field at UConn Health on a preclinical study to evaluate the immunologic and anti-tumor activity of patient-specific neoepitopes.

- On April 20, 2016, the Corporation presented new preclinical data at the American Association for Cancer Research (AACR) Annual Meeting 2016. The investigators' findings showed that a combination immunotherapy using a DepoVax™-based vaccine could enhance the anti-tumor effects of a PD-1 blockade, controlling growth in advanced HPV-expressing tumors in animal models.

- On April 16, 2016, the Corporation announced Andrew Sheldon had joined the Board of Directors and was appointed Chairman of the Board of Directors.

- On April 13, 2016, the Corporation announced Frederic Ors had been appointed Chief Executive Officer, replacing Marc Mansour, Ph.D., who stepped down as Chief Executive Officer as of March 31, 2016, after 14 years with the Corporation.

- On April 7, 2016, the Corporation announced a collaboration with Leidos on developing a vaccine against the mosquito-borne Zika virus and infection, which may be linked to neurological birth defects. This collaboration is the first to expand on Immunovaccine's previously announced research project in which the Corporation will apply its DepoVax™ platform to development of a Zika virus vaccine candidate. The project builds upon earlier promising results with DepoVax™ vaccines targeting the Ebola virus, anthrax and RSV.

- On March 3, 2016, the Corporation announced it would begin a research project towards development of a vaccine formulated in its DepoVax™ platform against the mosquito-borne Zika virus and infection, which may be linked to neurological birth defects in infants.

- On January 11, 2016, the Corporation announced FDA and Health Canada clearance to initiate a clinical study of DPX-Survivac in combination with low-dose cyclophosphamide and epacadostat. The Phase 1b clinical trial will assess the safety and effectiveness of Immunovaccine's novel T cell activating therapy, DPX-Survivac, along with Incyte's IDO1 inhibitor, epacadostat (INCB24360), and low-dose cyclophosphamide in patients with recurrent ovarian cancer who have measurable disease.

SUMMARY OF QUARTERLY RESULTS

The following consolidated quarterly data was drawn from the audited annual consolidated financial statements and the unaudited interim condensed consolidated financial statements. All values discussed below are rounded to the nearest thousand. The information is reported on an IFRS basis.

Quarter Ended In	Total Revenue $	Total Expenses $	Loss $	Basic and Diluted Loss Per Share $
Q3 - September 20, 2016	-	1,899,000	(1,899,000)	(0.02)
Q2 - June 30, 2016	65,000	1,470,000	(1,405,000)	(0.02)
Q1 - March 31, 2016	65,000	1,916,000	(1,852,000)	(0.02)
Q4 - December 31, 2015	65,000	2,514,000	(2,449,000)	(0.02)
Q3 - September 30, 2015	65,000	2,069,000	(2,004,000)	(0.02)
Q2 - June 30, 2015	-	2,553,000	(2,553,000)	(0.02)
Q1 - March 31, 2015	-	1,769,000	(1,769,000)	(0.02)
Q4 - December 31, 2014	-	2,032,000	(2,032,000)	(0.02)
Q3 - September 30, 2014	-	1,263,000	(1,263,000)	(0.02)

Results for the three months ended September 30, 2016 ("Q3 Fiscal 2016"), compared to the three months ended September 30, 2015 ("Q3 Fiscal 2015").

Net loss and comprehensive loss

The net loss and comprehensive loss of $1,899,000 for Q3 Fiscal 2016 was $105,000 lower than the net loss and comprehensive loss for Q3 Fiscal 2015. This relates mainly to a $361,000 decrease in research and development costs, a $97,000 decrease in business development costs, offset by a $61,000 increase in general and administrative expenditures, a decrease in revenue of $65,000, a $32,000 increase in accreted interest, and an impairment loss of $195,000.

Revenue

In Fiscal 2015, the Corporation signed a license agreement with PharmAthene Inc. ("PharmAthene") which included a signing fee of US$200,000. This agreement was subsequently terminated in August 2016. The revenue amount was fully recognized during the first six months in 2016.

Operating expenses

Overall operating expenses decreased by $170,000 (8%) during Q3 Fiscal 2016 compared to Q3 Fiscal 2015. Explanations of the nature of costs incurred, along with explanations for those changes in costs are discussed below:

Research and development ("R&D") expenses

R&D expenses include salaries and benefits, expenses associated with the Phase 1b and Phase 2 clinical trials of DPX-Survivac, clinical research and manufacturing of DPX-RSV and DPX-Survivac, consulting fees paid to various independent contractors who possess specific expertise required by the Corporation, the cost of animal care facilities, laboratory supplies, peptides and other chemicals, rental of laboratory facilities, insurance, as well as other non-material R&D related expenses. These R&D costs are offset by government loans and assistance, recoveries of costs from collaborations and by investment tax credits received in relation to the R&D expenses incurred.

The Corporation's R&D efforts and related expenses for Q3 Fiscal 2016 included costs surrounding the Corporation's Phase 1b with Incyte in ovarian cancer, Phase 1b in ovarian cancer, and Phase 2 in lymphoma clinical trials of DPX-Survivac, and costs related to the Corporation's ongoing R&D activities associated with the investigation, analysis and evaluation of other potential vaccine candidates and technologies.

Research and development expenses consist of the following:

	Q3 Fiscal 2016	Q3 Fiscal 2015
	$	$
General research and development expenses	222,000	117,000
DPX-Survivac preclinical and clinical expenses	319,000	701,000
Salaries and benefits	292,000	316,000
Stock-based compensation	26,000	71,000
Depreciation of equipment and amortization of intangible	14,000	21,000
Government loans and assistance	(49,000)	(51,000)
Investment tax credits	(61,000)	(51,000)
Total	763,000	1,124,000

The increase in general R&D expenses from $117,000 in Q3 Fiscal 2015 to $222,000 in Q3 Fiscal 2016 is attributable mainly to $150,000 in cost recoveries included in Q3 Fiscal 2015 related to the work supporting the licensing agreement with PharmAthene and the clinical trial collaboration with Dana Farber Cancer Institute. This is offset by an overall decrease of $30,000 in other non-material R&D related expenses including consulting fees paid to various independent contractors, the cost of animal care facilities, laboratory supplies and insurance.

The DPX-Survivac expenses decreased by $382,000 mainly due to the decrease in the manufacturing costs of the second batch of DPX-Survivac of $247,000 in Q3 Fiscal 2015, the final $80,000 payment to the NCIC CTG in Q3 Fiscal 2015 for the investigator sponsored randomized Phase 2 trial in ovarian cancer, and a decrease of clinical trial costs of $60,000 for the Corporation's Phase 1b clinical trial in ovarian cancer patients and Phase 2 clinical trial in DLBCL.

General and administrative ("G&A") expenses

G&A expenses consist of the following:

	Q3 Fiscal 2016	Q3 Fiscal 2015
	$	$
General and adminstrative expenses, excluding salaries	312,000	393,000
Salaries and benefits	191,000	155,000
Stock-based compensation	178,000	73,000
Depreciation of equipment	5,000	4,000
Total	686,000	625,000

G&A expenses, excluding salaries, decreased by $81,000 mainly due to a decrease of $60,000 in legal and audit fees and a decrease of $38,000 in foreign exchange loss, offset by a $25,000 increase in consulting fees paid to recruiting firms, as well as other minor fluctuations in other costs including interest and travel.

Stock-based compensation increased by $105,000 mainly due to the grant of 400,000 stock options to the new Chief Executive Officer, with one-third of the grant vesting immediately in Q3 Fiscal 2016.

Business development expenses

The Corporation's business development activities decreased in Q3 Fiscal 2016 by $96,000, compared to Q2 Fiscal 2016, to a total of $118,000. This is mainly due to a decrease in $56,000 and $55,000 in salary and benefits and stock-based compensation, respectively, relating to the Chief Business Officer being appointed to Chief Executive Officer in April 2016, and a $29,000 decrease in investor relations expenses offset by an increase of $43,000 in public relations and marketing expenses.

Impairment Loss

On November 7, 2016, the Corporation terminated its exclusive world-wide licence with Immunotope for the use of certain patented antigens that were being used in DPX-0907 as this approach is not in line with the Corporation's business strategy. This resulted in an impairment loss of $195,000 on the intangible asset representing the license for the use of patented antigens.

Results for the nine months ended September 30, 2016, compared to the nine months ended September 30, 2015.

Net loss and comprehensive loss

The net loss and comprehensive loss of $5,155,000, for the nine months ended September 30, 2016 was $1,170,000 lower than the net loss and comprehensive loss for the six months ended September 30, 2015. This relates mainly to a $947,000 decrease in in research and development expenses, a $302,000 decrease in business development expenses, a $114,000 decrease in general and administrative expenses, and a $65,000 increase in revenue, offset by a $63,000 increase in accreted interest and adjustments and an impairment loss of $195,000.

Revenue

In Fiscal 2015, the Corporation signed a license agreement with PharmAthene which included a signing fee of USD $200,000. The agreement was subsequently terminated in August 2016. The revenue amount was fully recognized during the first six months in 2016.

Operating expenses

Overall operating expenses decreased by $1,106,000 (17%) during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. Explanations of the changes in these costs are discussed below.

Research and development expenses

Research and development expenses consist of the following:

	Nine months ended September 30, 2016 $	Nine months ended September 30, 2015 $
General research and development expenses	867,000	1,080,000
DPX-Survivac preclinical and clinical expenses	1,025,000	1,416,000
Salaries and benefits	918,000	924,000
Stock-based compensation	118,000	282,000
Depreciation of equipment and amortization of intangible	55,000	61,000
Government loans and assistance	(373,000)	(178,000)
Investment tax credits	(192,000)	(219,000)
Total	2,418,000	3,366,000

The decrease in general R&D expenses from $1,080,000 for the nine months ended September 30, 2015 to $867,000 for the nine months ended September 30, 2016 is attributable mainly to $500,000 in costs related to the manufacturing of the DPX-RSV clinical batch in the nine months ended September 30, 2015. This is offset by an increase in consulting and materials expenses of $271,000 associated with a research project in which the Corporation is undertaking to advance the DepoVax™ platform, funded by a government grant.

The decrease in DPX-Survivac preclinical and clinical expenses from $1,416,000 for the nine months ended September 30, 2015 to $1,025,000 for the nine months ended September 30, 2016 relates mainly to the $601,000 in costs related to the manufacturing of the second clinical batch of DPX-Survivac in the nine months ended September

30, 2015. These are offset by a $233,000 increase in clinical trial costs associated with the Corporation's Phase 1b clinical trial collaboration with Incyte in ovarian cancer patients, Phase 1/1b clinical trial in ovarian cancer patients, the Phase 2 clinical trial in DLBCL, and the work supporting the clinical trial collaboration with the Dana Farber Cancer Institute.

General and administrative expenses

G&A expenses of $1,856,000 represented 35% of total expenses for the nine months ended September 30, 2016 compared to $1,970,000 (31% of total expenses) for the nine months ended September 30, 2015, an overall decrease of $114,000 (7%).

General and administrative expenses consist of the following:

	Nine months ended September 30, 2016 $	Nine months ended September 30, 2015 $
General and adminstrative expenses, excluding salaries	1,174,000	1,168,000
Salaries and benefits	506,000	466,000
Government assistance	(314,000)	-
Stock-based compensation	478,000	326,000
Depreciation of equipment	12,000	10,000
Total	1,856,000	1,970,000

The government assistance of $314,000 in the nine months ended September 30, 2016 relates entirely to the initial valuation of the low-interest bearing government loans. Under IFRS, the fourth installment of the low-interest bearing government loan from the Province of Nova Scotia in the amount of $1,250,000, received in April 2016, must be initially valued at fair value and the difference between the fair value of the loans and the contribution received must be treated as government assistance.

Stock-based compensation increased by $152,000 mainly due to the grant of 400,000 stock options to the new Chief Executive Officer, one third of which vested immediately. Also in 2015, the former Chief Executive Officer was not awarded stock options.

Business development expenses

The Corporation's business development activities decreased in the nine months ended September 30, 2016 by $302,000, compared to the nine months ended September 30, 2015, to a total of $469,000. This is due to a decrease of $283,000 for investor relations activities, a decrease of $37,000 for business development travel, a decrease of $32,000 for legal fees and a decrease of $35,000 and $28,000, in salary and benefits and stock-based compensation, respectively, due to the Chief Business Officer being appointed to Chief Executive Officer in Q2 Fiscal 2016 resulting in salary and benefits being relocated to general and administrative expenses. This is offset by an increase of $115,000 in marketing and public relations expenses.

Impairment Loss

On November 7, 2016, the Corporation terminated its exclusive world-wide licence with Immunotope for the use of certain patented antigens that were being used in DPX-0907 as this approach is not in line with the Corporation's business strategy. This resulted in an impairment loss of $195,000 on the intangible asset representing the license for the use of patented antigens.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2016, the Corporation had cash and cash equivalents of $7,908,000 and working capital of $7,652,000, compared to $3,842,000 and $3,283,000, respectively at December 31, 2015.

Since the Corporation's inception, operations have been financed through the issuance of equity securities, debt, revenue from licenses, cost recoveries from collaborations, interest income on funds available for investment, government assistance and tax credits.

During the nine months ended September 30, 2016, the Corporation recorded revenue of $130,000 under the PharmAthene license agreement.

During the nine months ended September 30, 2016, cash of $4,190,000 was used in operating activities. This included the reported net loss of $5,155,000 prior to being decreased for non-cash amortization, non-cash depreciation, non-cash impairment loss, non-cash accretion of long-term debt and non-cash stock-based compensation. The Corporation had a net use of cash of $302,000 as a result of changes in working capital balances.

Sources of cash raised through financing activities were: $8,003,000, due to a bought deal private placement, less issuance costs of $654,000; $1,250,000, less $314,000 recorded as government assistance against G&A as the Corporation drew down the fourth installments of the Nova Scotia Loan; and $67,000 through the exercise of stock options. The Corporation used $53,000 to repay long-term debt during the period.

During the nine months ended September 30, 2016, the Corporation purchased equipment for ongoing research and operating activities for $43,000.

The Corporation aims to maintain adequate cash and cash resources to support planned activities which include the completion of the Phase 1b DPX-Survivac clinical trial program in patients with ovarian cancer, the Phase 2 DPX-Survivac clinical trial in patients with lymphoma, initiation of the Phase 1b combination trial with DPX-Survivac and Incyte's IDO1 inhibitor epacadostat, other research and development activities, business development efforts, administration costs, and intellectual property maintenance and expansion. At September 30, 2016, the Corporation had approximately $8.4 million of existing and identified potential sources of cash including:

- cash and equivalents of $7.9 million; and
- amounts receivable and investment tax credits receivable of $0.5 million.

For Q3 2016, the Corporation's quarterly "cash burn rate" (defined as net loss for the period adjusted for non-cash transactions including amortization, depreciation, impairment losses, accretion of long-term debt, and stock-based compensation) was approximately $1.34 million. The Corporation forecasts the cash burn rate to be between $1.4 million to $1.9 million per quarter over the next 12 months, as it continues to execute the Phase 1b combination trial with DPX-Survivac and Incyte's IDO1 inhibitor epacadostat and the Phase 2 clinical trial for DPX-Survivac in lymphoma.

On June 8, 2016, the Corporation completed a bought deal private placement of 14,550,000 Units at a price of $0.55 per Unit, for aggregate proceeds of $8,002,500. Each Unit consisted of one Common Share and one-half of one Warrant, with each whole Warrant entitling the holder to acquire one Common Share at an exercise price of $0.72 per Common Share for a period of 24 months, expiring on June 8, 2018. The value allocated to the Common Shares issued was $7,566,000 and the value allocated to the Warrants was $436,500. Total costs associated with the Offering were $750,054, including cash costs for commissions of $479,549, professional fees and regulatory costs of $174,595 and 871,908 compensation options issued as commissions to the agents valued at $95,910. Each compensation option entitles the holder to acquire one Common Share at an exercise price of $0.60 for a period of 18 months, expiring on June 8, 2018. The Corporation has allocated $709,142 of the issue costs to the Common Shares and $40,912 of the issue costs to the Warrants.

It is common for early-stage biotechnology companies to require additional funding to further develop product-candidates until successful commercialization of at least one product candidate. Immunovaccine's product candidates are still in the early-development stage of the product cycle and therefore are not generating revenue to fund operations. The Corporation continuously monitors its liquidity position, the status of its development programs including those of its partners, cash forecasts for completing various stages of development, the potential to license or co-develop each vaccine candidate, and continues to actively pursue alternatives to raise capital, including the sale of its equity securities, debt and non-dilutive funding.

Management believes that its cash resources of $7.9 million and additional potential cash resources of $0.5 million will be sufficient to fund operations for the next twelve months to continue to execute the Phase 1b combination trial with DPX-Survivac and Incyte's IDO1 inhibitor epacadostat, the Phase 2 clinical trial for DPX-Survivac in lymphoma, and to explore opportunities for further combination trials with partners, while maintaining adequate working capital well into 2017. Management further believes there are discretionary expenditures within the current cash forecast which could be reduced in the event that the identified potential sources of cash are not realized or receipt is delayed. The Company continually reassesses the adequacy of its cash resources, evaluating existing research projects and/or potential collaboration opportunities, to determine when additional funding is required.

CONTRACTUAL OBLIGATIONS

The following table outlines the contractual maturities for long-term debt repayable over the next five years and after:

Contractual Obligations	**Payments Due by Period**				
	Total	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Accounts payable and accrued liabilities	1,081,265	1,081,265	-	-	-
Amounts due to directors	40,101	40,101	-	-	-
Long-term debt	15,392,591	221,002	5,282,260	133,920	9,755,409
Operating Leases	592,996	221,030	371,966	-	-
TOTAL	17,106,953	1,563,398	5,654,226	133,920	9,755,409

RELATED PARTY TRANSACTIONS

During Q3 2016, there were no related party transactions (Q3 2015 - $nil).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Under applicable securities laws, the Corporation's Chief Executive Officer and Chief Financial Officer certify on the design of the disclosure controls and procedures ("DC&P") and the internal controls over financial reporting ("ICFR") of the Corporation. DC&P are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure and ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles. The control framework used by the Chief Executive Officer and Chief Financial Officer of the Corporation to design the Corporation's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There have been no changes in the Corporation's ICFR that occurred during Q3 2016 that have materially affected or are reasonably likely to materially affect the Corporation's ICFR.

SIGNIFICANT ESTIMATES

The unaudited interim condensed consolidated financial statements as at September 30, 2016 have been prepared in accordance with IFRS. Significant accounting estimates used in preparing the audited annual consolidated financial statements include the initial fair valuation of long-term debt, the calculation of the carrying amount of long-term debt, the SRED tax credits receivable, the fair value allocation of consideration for multiple element revenue arrangements,

non-cash stock-based compensation expense, amortization and depreciation of intangibles and property and equipment, and the allocation of proceeds between common shares and warrants, and accrued liabilities.

Management has calculated the fair value of the interest-free government loans based on the forecast of the Corporation's future revenue, discounted at an appropriate discount rate. The estimates and assumptions used in the valuation model were based on current information available to management and a degree of management's judgment. A change in management's assumptions used to forecast future revenue or a change in the discount rate could have a significant impact on the fair value of these interest-free government loans. Management has estimated the SR&ED receivable based on its assessment of tax credits receivable on eligible expenditures incurred during the period and its experience with claims filed with and collected from the Canada Revenue Agency. Management has analyzed the amounts receivable listing for potentially uncollectible amounts and has allowed for all balances which collection is doubtful. Management has made estimates regarding when stock options might be exercised and stock price volatility in calculating non-cash stock based compensation. The timing for exercise of options is out of the Corporation's control and will depend on a variety of factors including the market value of the Corporation's shares and the financial objectives of the stock-based instrument holders. Management has made estimates about the expected useful lives of long-lived assets, and the expected residual values of the assets. Management has determined the allocation of proceeds between common shares and warrants based on the relative values of the shares and warrants issued. Through knowledge of the Corporation's activities in Q3 2016, management has estimated the amount of accrued liabilities to be recorded.

OUTSTANDING SECURITIES

The number of issued and outstanding Common Shares on November 8, 2016 is 106,911,508. The number of outstanding stock options on November 8, 2016 is 6,456,487. The outstanding stock options have a weighted average exercise price of $0.69 per share and a weighted average remaining term of 2.98 years. The number of outstanding warrants on November 8, 2016 is 8,146,908. The outstanding warrants have a weighted average exercise price of $0.71 per share and a weighted average remaining term of 1.69 years.

INTELLECTUAL PROPERTY RIGHTS

The Corporation strives to protect its intellectual property in established, as well as emerging, markets around the world. The Corporation's intellectual property portfolio for its vaccine platform technology includes seven patent families, the first of which contains eight patents issued in five jurisdictions (US, Europe, Canada, Japan and Australia). The six other families collectively contain thirteen patents issued in six jurisdictions (Europe, Australia, China, Japan, India and Singapore) and 39 pending patent applications in eleven jurisdictions. US Patent 6,793,923, issued in 2004, contains claims to the Corporation's platform, covering "any antigen, any adjuvant in any liposome and any oil". The platform name is protected by trademarks in the US, Canada and Europe.

Additional granted patents and allowed applications include:

- European Patent 1,333,858, Patent granted February 8, 2006;
- Australian Patent 2002214861, Patent granted January 11, 2007;
- Japanese Patent 4164361, Patent granted August 1, 2008;
- United States Patent 7,824,686, Patent granted November 2, 2010;
- Australian Patent, 2006301891, Patent granted December 20, 2012;
- Chinese Patent 200680036783, Patent granted September 18, 2013;
- European Patent 1,948,225, Patent Granted December 11, 2013;
- United States Patent 8,628,937, Patent granted January 14, 2014;
- Australian Patent 2008303023, Patent granted April 24, 2014;
- Japanese Patent 5528703, Patent granted April 25, 2014;
- Australian Patent 2008307042, Patent granted May 15, 2014;
- Singaporean Patent 166901, Patent granted May 27, 2014;
- Japanese Patent 5591705, Patent granted August 8, 2014;
- European Patent 2,296,696, Patent granted August 27, 2014;
- Australian Patent 2009253780, Patent granted November 27, 2014;
- Japanese Patent No. 5715051, Patent granted March 20, 2015;
- Japanese Patent No. 5731198, Patent granted April 17, 2015;

- Indian Patent No. 266563, Patent granted May 18, 2015;
- Canadian Patent No. 2,428,103, Patent granted June 9, 2015;
- United States Patent 9,114,174, Patent granted August 25, 2015;
- Chinese Patent 200880110239.7, Patent granted March 9, 2016;
- Chinese Patent ZL200980120883.7, Patent granted April 6, 2016;
- European Patent 2,197,497, Patent granted June 1, 2016;
- Canadian Patent Application No. 2,700,828, Allowed June 21, 2016; and
- United States Patent Application No. 12/679,875, Allowed July 14, 2016.

Since 2008, the Corporation has filed six Patent Cooperation Treaty ("PCT") applications relating to the Corporation's technologies, some or all of which have now been filed in the US, Europe, Japan, Canada, Australia, China, India, Brazil, Israel, Hong Kong and Singapore. These PCT applications cover specific DepoVax™ compositions with broad utility for infectious diseases and cancer applications. Some of these applications have issued to patent. These patents, together with the other pending applications if allowed, extend patent protection for some or all DepoVax™-based vaccines, and/or uses thereof, approximately up to the year 2033. The latest PCT application, covering novel Lipid A Mimics and uses thereof, could extend patent protection for vaccines containing these novel adjuvants until the year 2035.

The Corporation also has a licensing agreement with VIB in relation to patent applications for an RSV Vaccine (PCT/EP2011/070161) pending in Australia, Canada, China, Europe, Japan, and the United States. The licensing agreement stipulates that the Corporation will assume the cost of prosecuting and maintaining the fees associated with the patent applications and issued patents. These applications if allowed, could provide patent protection for a RSV vaccine formulated in DepoVax™, thereby extending patent protection for DepoVax™-based vaccines. To date, patents on this RSV vaccine technology have issued in China and the United States(US Patent 9,409,973 issued on August 9, 2016).

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are no longer recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The Corporation recognizes financial instruments based on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net loss or other comprehensive loss.

The Corporation has implemented the following classifications:

- Cash and cash equivalents and amounts receivable are classified as loans and receivables. After their initial fair value measurement, they are measured at amortized cost using the effective interest method; and
- Accounts payable and accrued liabilities, amounts due to directors and long-term debt are classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

RISK ASSESSMENT

The Corporation's activities are subject to certain risk factors and uncertainties that generally affect development-stage biotechnology companies. Management defines risk as the evaluation of the probability that an event might happen in the future that could negatively affect the financial condition, results of operation or perspectives of the Corporation. The success of the Corporation will depend, without limitation, on its ability to:

- achieve or maintain profitability after incurring significant losses since inception and expect to incur losses for the foreseeable future;
- obtain substantial funding when needed before being forced to delay, reduce, terminate or eliminate product development programs;
- raise additional capital on reasonable terms without causing significant dilution to existing shareholders, restrict operations or require the Corporation to relinquish rights to its technologies or product candidates;
- obtain positive results of clinical trials, including clinical trials on DPX-Survivac and DPX-0907, as the Corporation depends heavily on their success;
- demonstrate safety and efficacy with its product candidates to the satisfaction of the FDA or similar regulatory authorities outside the United States, so that it does not have to incur additional costs or experience delays in completing the development and commercialization of its products;
- achieve development goals and meet set time frames, including enrollment of patients in clinical trials;
- obtain positive results of clinical trials without serious adverse or inappropriate side effects;
- obtain market acceptance of its product by physicians, patients, healthcare payers and others in the medical community for commercial success;
- establish sales and marketing capabilities or enter into agreements with third parties to sell and market its product candidates;
- discover, develop or commercialize its products before its competition does;
- commercialize any products under favourable pricing regulations, third-party reimbursement practices or healthcare reform initiatives;
- continue research and commercialization of its product candidates without relying on government funding;
- market products without product liability lawsuits;
- market the product candidate that has the greater likelihood of success and profitability;
- establish collaborations with third parties, including with third parties for the development and commercialization of its product candidates;
- satisfactorily collaborate with third parties for the conduct of its clinical trials;
- secure the raw ingredients, intermediate drug substances and specialized equipment necessary for the production of its product candidates;
- commercially manufacture its products;
- preserve its intellectual property rights and comply with its obligations under its intellectual property licenses with third parties;
- successfully protect its intellectual property against competition infringement and/or protect itself against third party allegations of the Corporation infringing on their intellectual property;
- protect its trade secrets and intellectual property without spending substantial resources or distracting key personnel from their normal responsibilities;
- obtain regulatory approval of product pipeline, including regulatory approval in international jurisdictions;
- comply with environmental, health and safety laws and regulations;
- market its product without restrictions or problems with its product after its approved;
- develop legitimate relationships with its customers and third-party payers;
- obtain market approval and commercialize its product candidates with recently enacted and future legislation;
- retain key executives and attract, retain and motivate qualified personnel;
- establish or maintain strategic collaborations with third parties; and
- manage its growth as it expands its development, regulatory, manufacturing and sales and marketing capabilities.

The risks identified above do not include all possible risks as there may be other risks of which management is currently unaware. The above risks and other general risks and uncertainties relating to the Corporation and its activities are more fully described in the AIF, under the heading “Risk Factors and Uncertainties”.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation was not party to any off balance sheet arrangements as of September 30, 2016.

ADDITIONAL INFORMATION

Additional information relating to Immunovaccine, including the AIF and other disclosure documents, are available on SEDAR at www.sedar.com.