VAXIL BIO LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2019

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NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 - *Continuous Disclosure Obligations*, of the Canadian Securities Administrators, the Company (as defined herein) discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements.

The accompanying unaudited condensed interim consolidated financial statements of Vaxil Bio ("Vaxil", the "Company") for the three months ended March 31, 2019 have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditors.

VAXIL BIO LTD
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Thousands of Canadian Dollars, except per share data)

	March 31 2019	December 31 2018
	Unaudited	**Audited**
ASSETS		
Current assets		
Cash and cash equivalents	**$ 521**	$ 753
Amounts receivable and prepaid expenses	**74**	75
Total current assets	**595**	828
Fixed Assets, net	**52**	62
Total Assets	**$ 647**	$ 890
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	**306**	335
Other accounts payable and accrued liabilities	**116**	120
Total current liabilities	**422**	455
Total liabilities	**422**	455
Shareholders' equity		
Share capital (Note 4)	**12,103**	11,234
Warrant reserve (Note 4)	**1,041**	1,910
Contributed surplus (Note 4)	**2,474**	2,425
Foreign currency transaction reserve	**(33)**	(26)
Accumulated deficit	**(15,360)**	(15,108)
Total shareholders' equity	**225**	435
Total liabilities and shareholders' equity	**$ 647**	$ 890

Nature and continuance of operations (Note 1)
Commitments (Note 7)

Approved and authorized by the Board on May 22, 2019:

"Ari Kellen" Director — Ari Kellen

"David Goren" Director — David Goren

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

(Expressed in Thousands of Canadian Dollars, except per share data)

	Three Months ended March 31	
	2019	**2018**
	Unaudited	
Expenses:		
Research and development costs, net (Note 5)	**$ 163**	$ 100
General and administration costs (Note 6)	**39**	136
Share based compensation	**49**	-
Total Expenses	**251**	236
Operating Loss	**(251)**	(236)
Financial Expenses	**1**	3
Net loss for the period	**(252)**	(239)
Other Comprehensive Loss		
Foreign currency translation adjustment	**(7)**	(43)
Net loss and comprehensive loss for the period	**$ (259)**	$ (282)
Basic and Fully Diluted Loss Per Share	**$ (0.00)**	$ (0.00)
Weighted Average Number Of Shares Outstanding	**88,929,447**	76,366,572

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

(Expressed in Thousands of Canadian Dollars, except per share data)

	Three Months ended March 31	
	2019	**2018**
	Unaudited	
Cash flows from operating activities		
Net loss for the period	**$ (252)**	$ (239)
Items not affecting cash:		
Depreciation	**12**	12
Interest on loan	**-**	3
Share-based compensation	**49**	-
Changes in non-cash working capital:		
Amounts receivable and prepaid expenses	**1**	(166)
Accounts payable	**29**	(227)
Other accounts payable and accrued liabilities	**(55)**	97
	(216)	(520)
Cash flows from financing activities		
Loan repayment	**(9)**	(5)
Proceeds for private placements, net	**-**	1,741
	(9)	1,736
Increase (decrease) in cash and cash equivalents	**(225)**	1,216
Effect of changes in foreign exchange rates	**(7)**	(2)
Cash and cash equivalents, beginning of period	**753**	169
Cash and cash equivalents, end of period	**$ 521**	$ 1,383

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

(Expressed in Thousands of Canadian Dollars, except per share data)

	Ordinary share capital		Wararnt reserve	Contributed surplus	Foreign currency transaction reserve	Accumulated deficit	Total Equity
	Number of shares	**Amount**					
Balance - January 1, 2019	**88,929,447**	**11,234**	**1,910**	**2,425**	**$ (26)**	**$ (15,108)**	**$ 435**
Expiration of warrants (Note 4(d)	-	869	(869)	-	-	-	0
Share based compensation	-	-	-	49	-	-	49
Net comprehensive loss for the period	-	-	0	0	(7)	(252)	(259)
Balance - March 31, 2019	**88,929,447**	**12,103**	**1,041**	**2,474**	**$ (33)**	**$ (15,360)**	**225**

	Ordinary share capital		Shares to be issued	Contributed surplus	Wararnt reserve	Foreign currency transaction reserve	Accumulated deficit	Total Equity (Capital Deficiency)
	Number of shares	**Amount**						
Balance - January 1, 2018	**50,624,350**	**$ 10,139**	**$ 41**	**$ 2,224**	**$ 1,376**	**$ (28)**	**$ (14,239)**	**$ (487)**
Private Placement	36,200,000	885	-		819	-	-	1,704
Net comprehensive loss for the period	-	-	-	-	-	(43)	(239)	(282)
Balance - March 31, 2018	**86,824,350**	**$ 11,024**	**41**	**2,224**	**2,195**	**(71)**	**(14,478)**	**935**
Exericse of warrants	63,000	4	-	3	(4)	-	-	3
Shares issued in respect of settlement of liabilities recorded in the prior year	2,042,097	206	(41)	-	-	-	-	165
Share based compensation	-	-	-	95	-	-	-	95
Cancelation of options	-	-	-	(178)	-	-	-	(178)
Expiration of warrants	-	-	-	281	(281)	-	-	-
Net comprehensive loss for the period	-	-	-	-	-	45	(630)	(585)
Balance - December 31, 2018	**88,929,447**	**$ 11,234**	**$ -**	**$ 2,425**	**$ 1,910**	**$ (26)**	**$ (15,108)**	**$ 435**

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Vaxil Bio Ltd ("Vaxil" or the "Company") was incorporated under the Business Corporations Act (BC) on July 26, 2006 and is listed on the TSX Venture Exchange. Vaxil is an Israeli immunotherapy biotech company focused on its novel approach to targeting prominent cancer markers. Its lead product ImMucin™ successfully completed a Phase 1/2 clinical trial in multiple myeloma and received orphan drug status from the FDA and EMA. The Company is also developing a tuberculosis vaccine / treatment that has demonstrated promising preliminary results with further preclinical evaluation underway at a top US academic and research institution. Additional indications and mAb candidates are under evaluation as immuno-oncology and infectious disease treatments alone and in combination with other treatments. The Company trades on the TSX Venture under the symbol "VXL.V". The Company's head office is located at 3400 One First Canadian Place, ON, M5X 1A4, Toronto, Ontario.

The accompanying consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception of $15,360 is currently in the development stage and has not commenced commercial operations. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. As at March 31, 2019, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its products, all of which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 22, 2019.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year ending December 31, 2018. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these condensed consolidated interim financial statements.

Basis of Presentation

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

2. BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation

These consolidated financial statements include the accounts of Vaxil and its two wholly-owned subsidiaries: (i) Vaxil Israel, which owns 100% of Vaxil Biotherapeutics Ltd. The financial statements of Vaxil are included in the consolidated financial statements from the date that control commences until the date control ceases. Control exists when the Company has the power directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Significant Accounting Judgments and Estimates

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

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

- The series of loans made to the subsidiary company are considered part of the parent Company's net investment in a foreign operation as the Company does not plan to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses on the intercompany loans are recorded through other comprehensive loss. If the Company determined that settlement of these amounts was planned or likely in the foreseeable future, the resultant foreign exchange gains and losses would be recorded through profit or loss.

Standards adopted in 2019

The IASB issued new standards and amendments not yet effective.

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. An entity applies IFRS 16 for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company adopted IFRS 16 on January 1, 2019 and did not have a significant impact on the condensed consolidation interim financial statements.

3. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2019, the Company incurred $41 in consulting fees and in research and development expenses from two officers of the Company (March 31, 2018 - $44).

These transactions are in the ordinary course of business and are measured at the amount of consideration set and agreed by the related parties.

As at March 31, 2019, the Company has $14 outstanding liabilities to related parties (March 31, 2018 - $188).

(Expressed in Thousands of Canadian Dollars, except per share data)

4. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at March 31, 2019, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

b) There were not issuances of hare shares during the three months ended March 31, 2019:

c) Stock options

(i) Stock option transactions during the year ended December 31, 2018 and the three months ended March 31, 2019 are summarized as follows:

	Options Issued	Average Exercise Price
Balance outstanding at December 31, 2017	2,725,000	0.12
Granted	4,446,472	0.09
Cancelled	(1,523,788)	0.13
Balance outstanding at December, 2018 and March, 2019	**5,647,684**	**$ 0.10**

(ii) As at March 31, 2019, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Options Outstanding			Options Exercisable
Number Outstanding at March, 2019	**Exercise Price**	**Expiry Date**	**Exercisable at March 31, 2019**
225,000	$ 0.100	March 18, 2020	225,000
976,212	$ 0.125	January 3, 2022	976,212
4,446,472	$ 0.090	September 3, 2023	1,392,317
5,647,684			**2,593,529**

(Expressed in Thousands of Canadian Dollars, except per share data)

4. SHARE CAPITAL AND RESERVES (CONTINUED)

d) Warrants

(i) Warrant transactions during the year ended December 31, 2018 three months ended March 31, 2019 are summarized as follows:

	Warrants Issued		Weighted average exercise price
Balance, December 31, 2016	16,210,176	$	0.45
Issued	-		-
Expired	(1,319,000)		0.10
Exercised	-		-
Balance, December 31, 2017	14,891,176	$	0.52
Issued	36,200,000		0.10
Issued	1,143,849		0.10
Expired	(2,559,524)		1.32
Exercised	(63,000)		0.05
Balance at December, 2018	49,612,501	$	0.10
Expired (*)	(12,331,652)		0.10
Balance at March, 2019	**37,280,849**	**$**	**0.10**

(*) During the three months ended March 31, 2019, 12,331,652 warrants expired. The fair value of the warrants ($869) was transferred from the warrant reserve to share capital.

(iii) As at March 31, 2019, the Company had outstanding subscriber's warrants, enabling the holders to acquire further common shares as follows:

Number of warrants outstanding as of March 31, 2019	Date of expiry		Exercise price
36,200,000	January 26, 2021	$	0.10
1,080,849	January 26, 2020	$	0.05
37,280,849			

(Expressed in Thousands of Canadian Dollars, except per share data)

5. RESEARCH AND DEVELOPMENT COSTS, NET

	Three Months ended March 31	
	2019	2018
	Unaudited	
Wages, salaries and related expenses	**$ 70**	$ 27
Consultants, management and sub-contractors	**34**	47
Development materials	**47**	14
Depreciation	**12**	12
	$ 163	$ 100

6. GENERAL AND ADMINISTRATION COSTS

	Three Months ended March 31	
	2019	**2018**
	Unaudited	
Consulting, management and directors fees	**$ 16**	$ 38
Professional fees	**21**	88
Office rental and other related expenses	**2**	7
Other	**-**	3
	$ 39	**$ 136**

7. COMMITMENTS

The Company has an agreement for the lease of the offices in Israel for a period ending in February 2020. The total future minimum lease payments under the operating lease is $65 thousand.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value
The carrying value of due to/from related parties and accounts payable approximated their fair value because of the relatively short-term nature of these instruments. Cash, which is classified as held for trading and carried at fair value, has been determined using Level 1 inputs.

Foreign exchange risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Credit risk
The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk
The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Capital management
The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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