Management's Report on Financial Position and Operating Results

For the three and nine months ended September 30, 2013

LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

The third quarter marked an important turning point for Immunovaccine when we secured a long-term loan from the Province of Nova Scotia for $5 million. This loan, together with our successful private placement of $4.2 million announced last week, helped to ensure that the company can go forward now through 2014 with the development of its immune-based therapies for ovarian cancer, breast cancer and glioblastoma (brain cancer).

Immunovaccine also streamlined its management team by extending Chief Science Officer Marc Mansour's responsibilities, naming him the Company's Chief Operating Officer. And after serving as a non-executive chairman for the past two years, I became Executive Chairman, working closely with Marc to take our story to new audiences in Europe and North America.

During the quarter, Immunovaccine also announced an important research collaboration to advance the Phase II clinical development of its lead immunotherapy, DPX-Survivac. In July of this year, the National Cancer Institute of Canada's Clinical Trials Group (NCIC CTG) agreed to sponsor and conduct a randomized Phase II trial with DPX-Survivac in ovarian cancer patients. This followed news from earlier in the year that the University of Rome had agreed to lead a multi-center Phase II DPX-Survivac trial in glioblastoma (brain cancer) patients.

The pharmaceutical world now has focused its attention firmly on cancer immunotherapy. In the last few months, we have seen various developers of treatments report positive clinical trial results across a range of cancer types. At the same time, the pharmaceutical industry has entered into numerous product development collaborations for immunotherapy assets that in some cases carried billion dollar price tags.

The potential for cancer immunotherapy has also captured the attention of the media, with many stories in both the financial and general press highlighting the current successes and future potential of this new approach to the treatment of cancer. Immunotherapy promises to grow rapidly over the next decade. Vaccines, in combination with other types of treatment, appear poised to make a significant contribution to managing cancer. With our own vaccine programs in clinical development – and delivering strong immune responses against cancer targets – Immunovaccine attracted attention from research organisations, government agencies and pharmaceutical companies during the quarter.

DPX-Survivac, our lead cancer vaccine, remains one of the few clinical stage, cancer immunotherapy assets that has not yet been acquired by a major pharmaceutical partner. We believe that the profile of DPX-Survivac derived from its early human trials suggests that it may become a component of future combination therapies.

Highlights of the Third Quarter 2013 and Subsequent to Quarter End:

- Reported that Canada's NCIC Clinical Trials Group (NCIC CTG) will sponsor and conduct a randomized Phase II study of DPX-Survivac in patients with advanced ovarian cancer. The study is designed to assess whether IMV's vaccine therapy can delay or prevent cancer recurrence. The Phase II trial is a randomized, blinded, placebo-controlled study with DPX-Survivac in combination with low dose oral cyclophosphamide as an immune modulator. The study will enroll approximately 250 patients with

ovarian cancer at an estimated 20 clinical centers. Through its sponsorship, NCIC CTG will contribute the majority of the clinical resources and funding required to complete the trial. The trial is expected to get underway in 2014 with results in 2017.

- Announced positive results from anthrax challenge studies in rabbits and non-human primates using its DepoVax™ delivery system. The studies showed that all animals administered a vaccine containing recombinant protective antigen (PA) formulated in DepoVax were protected against a lethal anthrax challenge. Importantly, a single dose of DepoVax containing five micrograms of recombinant PA protected rabbits exposed to a lethal anthrax dose. Antibody titers plateaued in rabbits within 28 days highlighting the DepoVax platform's potential to enable a single-dose, rapid response anthrax vaccine.

- Closed a private placement of its securities, raising gross proceeds of $4.2 million. Under terms of the financing, a total of 10,511,209 common shares of Immunovaccine were sold at a price of $0.40 per Common Share. Net proceeds from the Offering will be used for general corporate purposes.

- Obtained a loan of $5 million from the Province of Nova Scotia, to be used to fund a portion of working capital into 2015. The secured loan is interest bearing and repayable in 2018.

- Implemented management team changes including the appointment of Albert Scardino as Executive Chairman and Marc Mansour, Ph.D. as Chief Operating Officer of the Company. Mr. Scardino has served as a director of the Company since 2010 and as Chairman since 2011. Dr. Mansour joined Immunovaccine's scientific team 12 years ago and has served as Chief Science Officer since 2007.

We have a busy few months ahead. Our Phase II clinical trials in ovarian and breast cancer and in glioblastoma are expected to get underway in the new year. We expect to inoculate our first patient in an infectious disease trial by the first quarter. And additional research is planned for our anthrax vaccine program.

Thank you for your continued support, and the very best of the festive season to you.

Albert Scardino
Executive Chairman
ascardino@imvaccine.com

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 months ended September 30, 2013 ("Q3 Fiscal 2013") and the nine months ended September 30, 2013, with information compared to the three months ended September 30, 2012 ("Q3 Fiscal 2012") and the nine months ended September 30, 2012, for Immunovaccine Inc. ("Immunovaccine", "IMV" or the "Company"). This analysis should also be read in conjunction with the information contained in the audited annual consolidated financial statements and related notes for the year ended December 31, 2012 and the year ended December 31, 2011.

The Company prepares its unaudited interim condensed consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants – Part I ("CICA Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Additional information regarding the business of the Company, including the Company's Annual Information Form, 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. 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 Company 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 Company, 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 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:

- statements with respect to the sufficiency of the Company's financial resources to support activities;
- potential sources of funding;
- the Company's ability to obtain necessary funding on favorable terms or at all;
- the Company's expected expenditures and accumulated deficit level;
- the Company's expected outcomes from ongoing research and research collaborations;
- the Company's business strategy;
- the Company'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 or may not include plans for merger and acquisitions activities;
- the Company's plans for the research and development of certain product candidates;
- the Company's strategy for protecting its intellectual property;
- the Company's ability to identify licensable products or research suitable for licensing and commercialization;
- the Company's ability to obtain licences on commercially reasonable terms;
- the Company's plans for generating revenue; and
- the Company's plans for future clinical trials.

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 under "Risk Factors". Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure 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 Company's ability to successfully develop existing and new products;
- the Company's ability to attract and retain skilled staff;
- the products and technology offered by the Company's competitors;
- general business and economic conditions;
- the Company's ability to protect patents and proprietary rights;
- the Company'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 29, 2013; the date of the Board's approval of the MD&A and the Q3 Fiscal 2013 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.

COMPANY OVERVIEW

Immunovaccine is a biotechnology company focused on the development and clinical advancement of its patented DepoVax™ vaccine-adjuvanting platform. Based on this platform, the Company is developing multiple therapeutic cancer vaccines and vaccines for infectious diseases and has out-licensing agreements to develop animal health vaccines. Based on reported pre-clinical and clinical data, the Company believes the DepoVax™ platform produces a strong, high-quality immune response that has a specific and sustained immune effect. The Company's adjuvanting technology platform has broad applications and is being evaluated in multiple vaccine candidates, including two cancer vaccine candidates that will soon begin Phase I/II clinical trials. Immunovaccine is evaluating an infectious disease vaccine for respiratory syncytial virus (RSV) that is expected to enter a Phase I trial in Canada in 2014. Immunovaccine also has research collaborations for various vaccines that could benefit from the DepoVax™ technology with several leading biotechnology companies, academic institutions, and research organizations, including the US National Institutes of Health ("NIH"). In addition to the Company's strategy of developing a pipeline of differentiated vaccines, Immunovaccine is pursuing out-licensing opportunities for the DepoVax™ delivery platform on a product by product basis. Zoetis, formerly the animal health division of Pfizer, has licensed the Company's delivery technology to develop vaccines for livestock.

Based in Halifax, Nova Scotia, the Company has 20 full-time and part-time employees and four part-time consultants. Being involved in a scientific and technical business, the Company requires staff with significant education, training and scientific knowledge that cannot be recruited or replaced easily. As a result, the Company recruits talented expertise locally, nationally and internationally. The business of the Company requires personnel with specialized skills and knowledge in the fields of basic and applied immunology, chemistry, formulation research and analytical chemistry method development. The Company has trained scientists with broad experience in these fields including six employees holding PhD degrees and seven holding MSc or MBA degrees. In addition to the core team, the Company 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 Company's scientific research and product development. The common shares of the Company are listed on the TSX Venture Exchange ("TSX-V") under the symbol "IMV".

BUSINESS STRATEGY

Operating Strategy

The DepoVax™ vaccine delivery platform drives the operating strategy for the Company. All of the Company's vaccines in human and animal health utilize this adjuvanting platform to improve their effectiveness against cancer, infectious diseases, drug addiction and to improve animal health.

The Company has two clinical-stage cancer vaccines: DPX-Survivac; and DPX-0907. Immunovaccine believes the principles behind a successful therapeutic cancer vaccine should include a targeted antigen and an effective adjuvanting and vaccine delivery technology, combined with a complementary therapeutic strategy. Antigens used in both DPX-Survivac and DPX-0907 are believed to specifically target tumor cells without harming normal, healthy cells. These antigens are combined with the Company's DepoVax™ platform in an effort to optimize the presentation of these antigens in the body, potentially resulting in an enhanced immune response. To be successful against cancer, the vaccine must be administered in the right therapeutic setting, which the Company believes to be soon after a tumor has been identified and treated by surgery and/or chemotherapy. 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.

Using the same DepoVax™ adjuvanting platform and working with partners in North America and Europe, the Company is also developing vaccines for infectious diseases, including a bio-defense vaccine that may protect against anthrax and a respiratory syncytial virus ("RSV") vaccine. The Company engages in research collaborations which may lead to additional vaccine products. Pre-clinical studies have indicated that the platform may allow the development of single-dose vaccines for a wide range of infectious diseases by generating a stronger immune response more quickly than is possible with existing delivery methods. For vaccines that are unusually non-immunogenic, the platform may significantly reduce the number of immunizations required. The Company's goal is to advance additional vaccines that show promising results into human clinical trials.

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 Company has obtained more than $15 million in government funding, including interest-free loans and government grants. Most recently, the Company completed a $4.2 million equity private placement in November 2013 and obtained a $5 million secured loan from the Province of Nova Scotia in August 2013, that is made available in four equal installments based on the Company meeting certain milestones.

While having used its own resources to initially bring its two cancer vaccines to human clinical trials, the Company is involved in various partnerships and collaborations to accelerate the development of additional DepoVax™-based products. Most recently, the Company announced the collaboration with Canada's NCIC Clinical Trials Group ("NCIC CTG"), an organization supported by the Canadian Cancer Society, in which NCIC CTG will sponsor and conduct a Phase II study of the Company's lead cancer vaccine, DPX-Survivac. DPX-Survivac will also be tested in a fully funded investigator-initiated Phase II study in glioblastoma patients in Italy. Other programs include a clinical research collaboration with the Busto Arsizio Hospital in Italy to test DPX-0907 in ovarian and breast cancer patients, a research partnership with the NIH for vaccines against bio-terrorism threats, as well as other academic collaborations. The 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 Company's DepoVax™ platform by others or to acquire infectious diseases antigens for use in new vaccines using DepoVax™.

Immunovaccine has also developed a commercial relationship with Zoetis, formerly the animal health division of Pfizer, which has licensed the Company's delivery technology platform to develop vaccines for livestock.

Immunovaccine has current research partnerships with various government and non-government organizations, including the NCIC CTG, the University of Rome, the Busto Arsizio Hospital in Milan, Italy, and the NIH, which will fully fund or partially fund the planned pre-clinical and clinical studies. The Company provides its DepoVax™ technology, and/ or DepoVax™-based clinical vaccines for these partnerships, but they are otherwise non-dilutive in financial terms.

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

PLATFORM AND PRODUCTS IN DEVELOPMENT

DepoVax™ Vaccine Enhancement Platform

DepoVax™ is a lipid depot-based vaccine delivery and enhancement platform that is easy to use, chemically stable, flexible, and forms the basis of Immunovaccine's therapeutic cancer and infectious diseases vaccine candidates.

The DepoVax™ platform is a combination of antigens, plus adjuvant (immune enhancers) formulated in liposomes and then suspended in oil. With the ability to retain the active components in the oil phase, the DepoVax™ platform creates a long-lasting "depot effect" that prolongs the exposure of vaccine ingredients to immune cells at the site of vaccination.

This unique formulation is also chemically stable. 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 easy to re-suspend and administer.

One of the significant advantages of the DepoVax™ platform is its versatility. 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 the flexibility to develop many different vaccine products using a single platform.

DepoVax™-formulated vaccines have the ability to induce rapid and robust immune responses that are believed to protect against disease agents with as little as one dose. The potential single-dose capability is a key factor for developing rapid response vaccines for pandemics and disease outbreaks.

The ability of DepoVax™ to induce robust cellular immune responses makes the platform uniquely suitable for therapeutic cancer vaccines. The vaccines are designed to specifically target tumor cells and to help patients remain in remission and combat the dissemination of micro-metastases. DepoVax™ can induce antigen-specific "poly-functional" cellular responses, which are postulated to be required for effective tumor control.

DPX-Survivac

DPX-Survivac uses survivin-based antigens licensed from Merck KGaA, on a world-wide exclusive basis, and formulated in the DepoVax™ vaccine delivery platform. Survivin is a major tumor-associated antigen over-expressed in several cancers including ovarian cancer cells, making it a viable target for 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 is an inhibitor of cancer cell death, known as apoptosis. The presence of survivin in cancer cells makes them susceptible to a survivin-specific vaccine. The Company's survivin-based vaccine candidate, DPX-Survivac, aims to train the immune system to recognize and kill survivin-containing cancer cells, with the intent to provide a clinical benefit to patients in the form of delaying cancer progression and/or increasing overall survival. The 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 Company believes DPX-Survivac could have broad commercial potential as a therapeutic cancer vaccine because it may be applicable for the treatment of multiple solid tumors and hematological cancers, including ovarian, prostate, breast, pancreatic, multiple myeloma, B-cell lymphoma, glioblastoma and melanoma. The Company intends to proceed with pre-clinical testing of DPX-Survivac in a broader range of cancer indications to evaluate additional opportunities.

Immunovaccine initiated the Phase I clinical trial of DPX-Survivac and vaccinated the first patient in December 2011. The Phase I clinical trial, which is nearing completion, is being conducted at six clinical sites in the US and Canada, as the Company has received clearance for both Phase I and Phase II clinical trials by both the US Food and Drug Administration ("FDA") and Health Canada. The existing clinical data generated by Immunovaccine for DPX-0907, and by Merck KGaA on survivin antigens, facilitated the approval of a combined Phase I and Phase II protocol for testing DPX-Survivac in patients with advanced ovarian cancer. The Phase I trial is an open-label clinical trial designed to evaluate sequentially the safety of two DPX-Survivac dosing regimens in 18 patients. The goal of the Phase I clinical trial is to establish the safety and immunogenicity of DPX-Survivac in patients with advanced ovarian cancer.

The Company released interim results in October 2012, January 2013 and further detailed positive results in June 2013 on the Phase I clinical trial. The analysis, which now includes all 18 patients enrolled in the study, confirmed previously reported results and uncovered new findings. 12 of the 18 patients received the DPX-Survivac combination therapy demonstrated antigen-specific immune responses and they were measured by at least one of the study's three immune monitoring assays (ELISpot, tetramer analysis and multiparametric intracellular cell staining). In 11 of 12 patients, the immune responses were confirmed by two assays (five patients) or three 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, polyfunctional 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.

DPX-Survivac was deemed well-tolerated with no significant systemic adverse events reported in any patients recruited in this study. Reported adverse events were primarily related to 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. There were no dose limiting toxicities experienced 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 Company announced that Canada's NCIC CTG, an organization supported by the Canadian Cancer Society, will sponsor and conduct a randomized Phase II study of Immunovaccine's cancer vaccine, DPX-Survivac, in patients with advanced ovarian cancer. The NCIC CTG is a Canadian-based academic clinical trials cooperative group conducting large multi-center clinical trials across Canada and internationally. The study is designed to assess whether IMV's vaccine therapy can delay or prevent cancer recurrence.

The Phase II trial will be a randomized, blinded, placebo-controlled study with DPX-Survivac in combination with low dose oral cyclophosphamide as an immune modulator. The study will enroll approximately 250 patients with ovarian cancer at an estimated 20 clinical centers.

Patients in the trial will have undergone surgery and standard post-operative chemotherapy. Patients will be randomized to two groups, one receiving the combination vaccine therapy and another receiving a placebo vaccine and cyclophosphamide. Immune responses and disease-related biomarkers including CA125 will be measured for correlative analyses. The results may guide further development of DPX-Survivac.

The agreement between NCIC CTG and Immunovaccine will provide a framework for the NCIC CTG to sponsor the randomized Phase II trial and assume responsibility for conducting the trial in accordance with good clinical practice, in a significantly more capital efficient manner than if the trial was conducted by the Company as a sponsor. The Company is in discussion with potential co-development partners to fund the balance of NCIC CTG-sponsored clinical trial costs. The trial is expected to get underway in 2014 with results expected in 2017.

A Phase Ib trial is currently underway to optimize and confirm the dose and schedule of vaccinations that will be employed in the randomized Phase II trial to be sponsored by the NCIC CTG.

The Company also recently announced it has signed an agreement with Professor Marianna Nuti, Ph.D., Department of Experimental Medicine at the University of Rome, to conduct an investigator-led trial on DPX-Survivac in patients with glioblastoma. This multicenter study based in Rome will be conducted in collaboration with neurosurgeons and oncologists coordinated by Professor Maurizio Salvati, M.D. The randomized, placebo-controlled study is expected to enroll more than 50 patients with newly diagnosed brain tumors that have been maximally resected. Testing DPX-Survivac in gliobalstoma patients is expected to be initiated in the first quarter of 2014.

DPX-0907

DPX-0907 combines the Company's DepoVax™ delivery technology with seven HLA-A2-restricted cancer-specific antigens licensed from Immunotope. The vaccine is designed to stimulate an immune response specific to cancer antigens that are believed to be involved in critical tumor cell processes. The seven peptide antigens in DPX-0907 are believed to be present on the surface of breast, ovarian and prostate cancer cells. In pre-clinical studies, the seven antigens could not be found on the surface of normal cells, and therefore, DPX-0907 is expected to kill tumor cells without harming normal, healthy cells.

The Company has completed a Phase I 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 I 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.

The Phase I trial met the primary objective of safety with overall results demonstrating that DPX-0907 is generally well-tolerated by all patients and is considered safe at both dose levels. There were no vaccine-related serious adverse events reported. Final safety was assessed in 11 patients in the 0.25 mL dose group and 11 patients in the 1.0 mL dose group.

The secondary objective of the trial was to assess whether administration of DPX-0907 could generate an immune response specific to the seven cancer antigens. DPX-0907 is designed to train the body's T cells, sophisticated white blood cells that play a key role in fighting cancer, to recognize the antigens incorporated into the vaccine. In this clinical trial, 61% of all patients, and 89% of patients with breast or ovarian cancer, generated measurable T cell responses to antigens contained in DPX-0907. In addition, 73% of patients in this study who generated a good immune response did so following the first vaccination and 64% maintained a persistent response at one month following a third vaccination. The immunogenicity results were based on an analysis of nine evaluable patients in the 0.25 mL dose group and nine evaluable patients in the 1.0 mL dose group.

This study also demonstrated a key association between the achievement of immune responses during the study and the patients' level of disease. The breast and ovarian cancer patients who responded well to prior therapies responded favorably, with the majority of these patients (8 out of 9) producing the desired immunity. In contrast, the majority of prostate cancer patients who had more advanced disease and were less responsive to prior therapies exhibited a lower immune response rate.

The Company recently signed an Investigator-Initiated Study Agreement for the ongoing evaluation of its DPX-0907 cancer vaccine at the Busto Arsizio Hospital in Milan, Italy. Marco Bregni, M.D., head of the Oncology Unit of the Hospital of Busto Arsizio, will serve as the principal investigator for the Phase I/II DPX-0907 clinical trial in patients with breast and ovarian cancer. Immunovaccine expects the Phase I/II study to be initiated in 2014.

The Company is also exploring other opportunities for commercialization of DPX-0907 and is considering investigator funded trials, as recently announced, or partnership opportunities at various stages of clinical development, including at the Phase I and Phase II clinical trial stages.

Infectious Diseases

A significant component of the Company's business strategy is leveraging 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. Immunovaccine has conducted multiple proof of concept studies for DepoVax™ platform-based infectious diseases vaccines, including pandemic influenza, anthrax, pertussis, and hepatitis B vaccines.

The Company is performing pre-clinical research activities for a vaccine targeting respiratory syncytial virus ("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. The novel RSV antigen being evaluated in DepoVax™ is based on the short hydrophobic protein present on the surface of the RSV virion. This vaccine has a unique mechanism of action, in that the resultant antibodies bind to and destroy infected cells rather than directly bind and neutralize free virus. The Company is currently testing the immunogenicity and efficacy in appropriate RSV challenge models such as mice. The goal is to produce the pre-clinical data required to support a future potential IND filing leading to a Phase I clinical trial in Canada. Immunovaccine recently had a positive meeting with Health Canada to evaluate the requirements for filing a clinical trial application (CTA). Dr Joanne Langley, professor of pediatrics and community health and epidemiology at Dalhousie Medical School and a recent recipient of the CIHR-GSK Chair in Pediatric Vaccinology, will be the principal investigator for a Phase I study to be conducted in Halifax, Canada. The investigator-initiated study, which is funded by the Canadian Institutes of Health Research ("CIHR") is expected to be begin enrolling healthy adult subjects in 2014.

Immunovaccine is pursuing research collaborations involving these programs, as well as several other infectious diseases vaccine programs for internal development and partnerships.

Bio-terrorism

The Company entered into a research collaboration to advance the development of next generation bio-defense vaccines against various biological agents. These novel vaccine candidates are being evaluated as part of a study funded by the NIH that was initiated in the first quarter of 2012.

The Corporation announced positive results from this immunogenicity study in January and July 2013. Study findings suggested that the DepoVax™-based vaccines provided a more rapid and long-lasting immune response as compared to the licensed anthrax vaccine BioThrax™ with fewer doses. The study, which was conducted under the National Institute of Allergy and Infectious Diseases' ("NIAID") Preclinical Services Program, was designed to test multiple DepoVax™-formulated anthrax vaccines in non-human primates and rabbits, specifically examining immunogenicity and safety after either one or two doses of the vaccine. Study investigators compared the DepoVax™-based vaccines to BioThrax™, the only commercially available anthrax vaccine. BioThrax™ requires at least two doses to produce immune responses in animal models.

Preliminary findings from the immunogenicity studies include:

- A single dose of DepoVax™-formulated anthrax vaccine produced sustained TNA (toxin-neutralizing antibody) titers detected in six of ten animals, starting between day 21 and 49. Animals receiving one dose of Biothrax had no detectable TNA titers.

- When a second dose of the DepoVax™-formulated vaccine was delivered, there was a significant increase in anthrax TNAs in all immunized animals within one week of the booster administration.

- Vaccination with the DepoVax™-formulated vaccines resulted in no visible injection site reactions. Detailed microscopic examination showed robust immune cell infiltration to the site of vaccination. There was no evidence of systemic or local safety issues.

The Company announced additional positive results from challenge studies in non-human primates and rabbits in September 2013. These studies showed that all animals that were administered a vaccine containing recombinant protective antigen (PA) formulated in DepoVax were protected against a lethal anthrax challenge.

Key study findings include:

- A single dose of DepoVax™ containing five micrograms of recombinant PA protected rabbits exposed to a lethal anthrax dose.
- In rabbit studies, DepoVax™ formulated vaccines began producing detectable and potentially protective toxin neutralizing antibodies in as little as 14 days, with maximal protective antibody levels achieved within 28 days following a single vaccination. The titres were sustained for at least 70 days at which time a lethal anthrax challenge was performed.
- In rabbit studies, neutralizing antibodies rose further in animals receiving a second dose of the DepoVax™ recombinant PA vaccine.
- In non-human primate studies, two doses containing recombinant PA formulated in DepoVax™ triggered sustained toxin neutralizing antibodies sufficient to protect them from lethal anthrax challenge. A single dose response was not evaluated in this model.

An additional study with NIAID Preclinical Services was initiated in Q3 2013, with another scheduled to begin in the first quarter of 2014. These will further examine the dosing and schedule of DepoVax™-based vaccines, and their ability to protect rabbits and non-human primates from challenge with anthrax. These studies will focus on the single dose capacity of these vaccines. The Company expects results from these studies in Q3 2014.

Data generated from these research studies is expected to facilitate access to various funding mechanisms and support the clinical development of DepoVax™-based vaccine candidates.

Licensing opportunities

While the Company is now focused on developing a pipeline of cancer immunotherapies as well as vaccines for infectious diseases and bioterrorism applications, it is also pursuing opportunities to license the Company's platform technology to other developers interested in creating enhanced vaccines on an application by application basis. In 2008, the Company signed a license agreement with Zoetis, formerly the animal health division of Pfizer, which represented the Company's first milestone in validating the DepoVax™ platform technology. The Company has multiple licensing agreements with Zoetis for the use of the Company's delivery technology in cattle and other livestock vaccine applications. These license agreements include upfront signing fees, milestone payments and royalties from future vaccine sales. Zoetis is developing vaccines based on the Company's platform technology for multiple livestock applications, with royalties expected from one or more of these new vaccines once approved by a regulatory body in the coming years.

MARKET OVERVIEW

Therapeutic cancer vaccines

Cancer is considered one of the most widespread and prevalent diseases globally. According to the US Centers for Disease Control and Prevention ("CDC"), 12.7 million individuals become victims of cancer and 7.6 million individuals die from the disease annually. 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. Tumors often develop resistance to chemotherapies however, 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, including therapeutic cancer vaccines, may potentially provide a new and effective treatment option with a more durable effect and a favorable safety profile.

A better understanding of cancer immunology has led to novel strategies for the therapy of cancer that are based on activating the immune system. Initially, the approval by the US FDA of Dendreon's Provenge® for prostate cancer and Bristol-Myers Squibb's Yervoy™ (ipilimumab) for melanoma resulted in increased attention and support for immunotherapy and cancer vaccine companies. More recently, the reported clinical results achieved with other immunotherapies from Merck, Bristol-Myers and Roche, including monoclonal antibody therapies targeting PD-1, led to increased interest in this class of therapeutics from the medical community. Because of the significant potential of immune based therapies, pharmaceutical companies have recently acquired a number of experimental

cancer immunotherapy products, with some being in preclinical development. These transactions have served as transformational events for a number of companies, including Amplimmune, Compugen, Immunocore, and Okarios AG.

It is generally recognized that cancer vaccines are best administered after surgery and chemotherapy when tumor burden is low. The goal is to train the body's immune system to target and kill remaining cancer cells and maintain patients in remission. Cancer vaccines have potential to be used in combination with chemotherapy, radiation and/or surgery to significantly improve outcomes for cancer patients. Cancer vaccines may also become an important component of novel combination immunotherapies which may offer synergistic benefits. The Company believes that cancer vaccines will become part of a multi-pronged approach for the treatment of cancer. Recently, the pharmaceutical industry has recognized the therapeutic potential of cancer vaccines. Pharmaceutical companies with active cancer vaccine programs in various stages of development (pre-clinical to Phase III) include Roche, Merck KGaA, Pfizer, and GlaxoSmithKline.

The global market for cancer vaccines, including both prophylactic and therapeutic vaccines, was USD$1.6 billion in 2010. While the majority of this reflects sales of prophylactic vaccines, the area of therapeutic cancer vaccines is projected by some industry analysts to experience high growth, reaching USD$4.8 billion by 2018. Major pharmaceutical players, such as GSK and Merck KgaA, have products currently advancing in Phase III clinical trials.

Infectious Diseases

Vaccines are credited with saving millions of lives since their introduction in to 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 (CDC), 10 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 plague, diphtheria, yellow fever, dengue, meningitis, influenza and malaria, have re-emerged. While the effort to control these known infectious diseases continues, more than 30 emerging diseases have been identified in humans for the first time over the past two decades.

With up to 17 million deaths each year, there is an increased awareness of the impact of current and emerging infectious diseases. Demand for newer treatments and vaccines is growing globally. Decision Resources reports that the world-wide market for vaccines against infectious diseases more than doubled between 2005 and 2011.

The global market for infectious diseases treatment was valued at USD$90.4 billion in 2009. This market is expected to increase 8.8% (CAGR) to reach USD$138 billion in 2014. Viral disease treatments will have the fastest growth rate of 12.1% (CAGR), increasing from nearly USD$45 billion in 2009 to USD$79 billion in 2014.

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 for many infectious diseases. This advance could result in additional market expansion by increasing the number of patients identified for vaccine treatment. The Company believes this current market landscape offers significant commercial opportunities for both its technology platform and vaccines.

Pharmaceutical companies dominating this market include Bristol-Myers Squibb, GlaxoSmithKline, Johnson & Johnson, Merck & Co. and Roche. Additionally, government and non-profit institutions play a significant role in vaccine development in both industrialized and developing markets. Support for infectious diseases 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.

In North America, RSV is the most frequent cause of hospitalization in the first two years of life. Specifically in Canada, RSV-associated lower respiratory tract illness (LRTI) in young children accounts for over 12,000 hospitalizations annually in up to 2% of the birth cohort. In Canadian adults, 2 to 3% of all respiratory admissions annually can be attributed to RSV infection.

There is currently no vaccine available for the prevention of RSV. The only product available today to help protect against severe RSV disease is Synagis, a monthly injection given during peak RSV season and indicated only for specific groups of infants at high risk. No cost-effective, feasible, effective treatment has been found which alters the natural history of RSV infection. Systematic meta-analyses of inhaled bronchodilators, glucocorticoids, antibiotics, inhaled heliox, nebulized deoxyribonuclease and epinephrine do not demonstrate any significant clinical benefit. The mainstay of care for most patients remains supportive.

The World Health Organization (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. Among elderly persons followed for 3 consecutive winters, RSV infection accounted for 10.6% of hospitalizations for pneumonia, 11.4% of hospitalizations for obstructive pulmonary disease, 5.4% for congestive heart failure and 7.2% for asthma.

Bio-defense

According to the US Center for Bio-security's review of the US government's federal budget for fiscal 2012, funds for civilian bio-defense total USD$6.4 billion. Of that total, USD$5.8 billion (90%) is budgeted for programs that have both bio-defense and non bio-defense goals and applications, and USD$637.6 million (10%) is budgeted for programs that have objectives solely related to bio-defense.

US government-funding programs for civilian bio-defense are intended to address a range of scientific, public health, healthcare, national security, and international security issues in addition to bio-defense. Programs with both bio-defense and non bio-defense goals and applications include those that fund basic scientific research in infectious diseases pathogenesis and immunology, programs to improve planning and operations related to public health preparedness, and programs to improve preparedness and response for a range of other disasters.

An example of programs with both bio-defense and non bio-defense goals includes NIAID Bio-defense Research Program, which, in addition to funding pre-clinical and clinical research toward bio-defense countermeasures, funds basic infectious diseases pathogenesis and immunology research with implications for a multitude of other diseases. Immunovaccine's platform technology and products have application to many of these programs.

A recent report by GBI Research states that as the potential threat of biological terrorist attacks continue to command the attention of governments around the globe, anthrax and smallpox remain amongst the most researched diseases in the bio-defense industry.

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 USD$20 billion in 2008. The animal vaccine market subdivided into livestock, companion animal and other smaller segments including equine, poultry and aquatic, makes up approximately 20% of the total animal health market and is projected to reach USD$5.6

billion by 2015. 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. Of this market, industry sources suggest the world-wide livestock vaccine market is estimated to be approximately USD$3.6 billion by 2015, with the cattle vaccine market representing approximately USD$1.0 billion of the livestock vaccines. The companion animal vaccine market represents USD$2.0 billion of the market. There are only a few players in the animal vaccine market including Zoetis, Boehringer Ingelheim, Merial, Merck Animal Health, Novartis and AgriLabs. While the livestock vaccine market is based on high volumes and lower pricing, the companion animal market is less sensitive to price and is focused on safety of the products. The majority of today's vaccines for both market segments require a booster administration, which increases the handling costs for the livestock market and has the potential to decrease safety in the companion animal market. 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 in both segments.

There is a growing global demand for premium companion animal vaccines that can be safely and easily administered. According to a Global Industry Analysts' report, the veterinary vaccine market is projected to reach USD$5.6 billion by 2015. Growth in this market is driven by an increasing number of pet owners demanding products that enhance the health and well-being of their pets.

RECENT AND ANNUAL DEVELOPMENTS

Key developments and achievements

- On November 21, 2013, the Company completed the previously announced private placement of its securities, raising gross proceeds of $4.2 million. Under terms of the financing, a total of 10,511,209 common shares of Immunovaccine were sold at a price of $0.40 per common share. Net proceeds from the private placement will be used for general corporate purposes. In connection with the private placement, Immunovaccine has agreed to pay finders' fees representing an aggregate of $82,562 in cash along with 167,218 common shares and 50,925 compensation options, each compensation option entitling its holder to purchase one common share at a price of $0.40 per share until May 21, 2015. The securities issued in connection with the private placement are subject to a four-month plus one day statutory hold period ending on March 21, 2014. This private placement enables the Company to draw down on the second disbursement of the $5 million loan from the Province of Nova Scotia described below.

- On October 11, 2013, the Company retained B & D Capital Partners ("B & D") to provide strategic investor relations services on a three month contract. B & D will aid the Company in building awareness in the financial community by introducing, maintaining and protecting relationships between the management of the Company and professional investors. Under the terms of the agreement with B & D, the Company will pay B & D a monthly fee of $2,500.

- On September 9, 2013, the Company announced positive results from anthrax challenge studies in rabbits and non-human primates using its DepoVax™ delivery system. The studies showed that all animals administered a vaccine containing recombinant protective antigen (PA) formulated in DepoVax™ were protected against a lethal anthrax challenge. Importantly, a single dose of DepoVax™ containing five micrograms of recombinant PA protected rabbits exposed to a lethal anthrax dose. Antibody titers plateaued in rabbits within 28 days highlighting the DepoVax™ platform's potential to enable a single-dose, rapid response anthrax vaccine. These studies, conducted under the National Institute of Allergy and Infectious Diseases' (NIAID's) preclinical services program, were intended to evaluate Immunovaccine's DepoVax™ adjuvanting technology and advance the development of next generation bio-defense vaccines.

- On September 3, 2013, the Company announced that Albert Scardino had been appointed Executive Chairman and Marc Mansour, Ph.D. became the Chief Operating Officer of the Company. Mr. Scardino has served as a director of the Company since 2010 and as Chairman since 2011. Dr. Mansour joined Immunovaccine's scientific team 12 years ago and has served as Chief Science Officer since 2007. The

two appointments come after the employment of John Trizzino, Chief Executive Officer since 2011, came to an end on August 31, 2013. Mr. Trizzino is also no longer a director of Immunovaccine.

- On August 2, 2013, the Company obtained a loan of $5 million from the Province of Nova Scotia, to be used to fund a portion of working capital through 2016. The secured loan is interest bearing and repayable in 2018. The loan will be made available in four equal installments. The Company received the first installment of $1.25 million after meeting customary closing conditions and has met the milestone to have the ability to draw down on the second disbursement when it completed the private placement on November 21, 2013. The remaining two installments will be made available based on Immunovaccine meeting certain milestones.

- On July 15, 2013, the Company announced that Canada's NCIC Clinical Trials Group ("NCIC CTG), an organization supported by the Canadian Cancer Society, will sponsor and conduct a randomized Phase II study of Immunovaccine's cancer vaccine, DPX-Survivac, in patients with advanced ovarian cancer. The study is designed to assess whether IMV's vaccine therapy can delay or prevent cancer recurrence. The Phase II trial is a randomized, blinded, placebo-controlled study with DPX-Survivac in combination with low dose oral cyclophosphamide as an immune modulator. The study will enroll approximately 250 patients with ovarian cancer at an estimated 20 clinical centers. The NCIC CTG is a Canadian-based academic clinical trials cooperative group conducting large multi-center clinical trials across Canada and internationally. The agreement between NCIC CTG and Immunovaccine will provide a framework for the NCIC CTG to sponsor the randomized Phase II trial and assume responsibility for conducting the trial in accordance with good clinical practice. The Company is in discussion with potential co-development partners to support the NCIC CTG-sponsored trial.

- On May 30, 2013, the Company announced it had agreed to use its lead cancer product, DPX-Survivac, in a study based in Rome designed to extend life for glioblastoma patients. The multicenter trial will be led by Professor Marianna Nuti, Ph.D., Department of Experimental Medicine at the University of Rome, and conducted in collaboration with neurosurgeons and oncologists coordinated by Professor Maurizio Salvati, M.D. Four major trial centers across Italy will be involved, with the cost of the trial being assumed by the university. The randomized, placebo-controlled study will enroll more than 50 patients with newly diagnosed brain tumors that have been maximally resected. The study is expected to start in Q4 of 2013.

- On April 30, 2013, the Company announced the results of the Company's 2013 Annual General Meeting (AGM) of shareholders. The shareholders re-elected Wade K. Dawe, James W. Hall, Stephanie Léouzon, Wayne Pisano, Bradley Thompson, Ph.D., John J. Trizzino and Albert Scardino to serve on the Board of Directors until the next annual meeting of shareholders. The shareholders approved all motions put forth at the meeting including the appointment of PriceWaterhouseCoopers LLP, Chartered Accountants, as the Company's independent auditors. Former director William A. Cochrane, M.D., did not stand for re-election.

- On April 16, 2013, the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) entered into an agreement to provide a financial contribution of up to $407,700 to Immunovaccine Inc. for development of a vaccine for respiratory syncytial virus (RSV), a common lung disease in children, the elderly and patients with a compromised immune system. The funding will be used to advance Immunovaccine's RSV program, including the formulation of RSV antigens in IMV's patented DepoVax™ vaccine adjuvanting technology. Extensive preclinical research has demonstrated the ability of DepoVax™ to generate rapid and robust immune responses required for protection against infectious diseases.

- On March 5, 2013, the Company closed the previously announced non-brokered private placement of its securities, raising gross proceeds of $1,603,880 in March 2013. Under terms of the financing, a total of 4,860,244 common shares of Immunovaccine were sold at a price of $0.33 per common share. Net proceeds from the financing will be used to fund preclinical research and development efforts in the areas of infectious diseases, including respiratory syncytial virus ("RSV"), malaria and anthrax. These ongoing efforts will support Immunovaccine's Phase I clinical trials for these infectious diseases programs. The

proceeds will also support preparatory work to advance IMV's clinical stage oncology program, DPX-Survivac, into Phase II development, as well as ongoing efforts to establish alliances, collaborations and strategic transactions with parties including government entities, academic medical centers and other companies in order to secure additional financing to advance its current clinical programs and to expand its pipeline of strategic assets. In connection with the private placement, Immunovaccine paid a finder's fee of 4% of a portion of the gross proceeds. The total amount of the finder's fee was $15,708, paid through the issuance of common shares at a deemed price of $0.33 per common share. The common shares issued in connection with the non-brokered private placement (including the common shares issued in payment of the finder's fee) may not be traded until July 6, 2013.

- On January 30, 2013, the Company announced the signing of an Investigator-Initiated Study Agreement for the ongoing evaluation of its DPX-0907 cancer vaccine at the Busto Arsizio Hospital in Italy. Marco Bregni, M.D., head of the Oncology Unit of the Hospital of Busto Arsizio, will serve as the principal investigator for the Phase I/II DPX-0907 clinical trial in patients with breast and ovarian cancer. Immunovaccine expects the Phase I/II study to be initiated during the fourth quarter of 2013.

- On January 7, 2013, the Company announced further detailed positive results from a Phase I clinical study of the Company's cancer vaccine, DPX-Survivac, for the treatment of ovarian cancer. The analysis, which now includes all 18 patients enrolled in the study, confirmed previously reported results and uncovered new findings.

- On January 3, 2013, the Company announced positive results from an immunogenicity study that evaluated anthrax vaccines formulated in the Company's DepoVax™ platform. This study is part of an ongoing bio-defense research program which was initiated in February 2012 to utilize Immunovaccine's DepoVax™ adjuvanting technology in advancing the development of next generation vaccines against the most threatening biological agents. Study findings suggested that the DepoVax™-based vaccines provided a more rapid and long lasting immune response as compared to the licensed anthrax vaccine BioThrax™. The study, which was conducted under the National Institute of Allergy and Infectious Diseases' (NIAID) Preclinical Services Program, was designed to test multiple DepoVax™-formulated anthrax vaccines in non-human primates, specifically examining immunogenicity and safety after either one or two doses of the vaccine. Study investigators compared the DepoVax™-based vaccines to BioThrax™, the only commercially available anthrax vaccine. BioThrax™ requires at least two doses to produce immune responses in animal models.

SUMMARY OF QUARTERLY RESULTS

The following consolidated quarterly data was drawn from the audited annual consolidated financial statements and 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 30, 2013	-	1,537,000	(1,306,000)	(0.02)
Q2 - June 30, 2013	-	965,000	(965,000)	(0.02)
Q1 - March 31, 2013	-	1,585,000	(1,585,000)	(0.02)
Q4 - December 31, 2012	-	1,712,000	(1,712,000)	(0.03)
Q3 - September 30, 2012	-	1,728,000	(1,701,000)	(0.03)
Q2 - June 30, 2012	-	1,583,000	(1,583,000)	(0.02)
Q1 - March 31, 2012	-	1,404,000	(1,404,000)	(0.03)
Q4 - December 31, 2011	-	1,387,000	(1,387,000)	(0.03)
Q3 - September 30, 2011	-	1,497,000	(1,497,000)	(0.03)

Results for the three months ended September 30, 2013 ("Q3 Fiscal 2013"), compared to the three months ended September 30, 2012 ("Q3 Fiscal 2012").

Net loss and comprehensive loss

The net loss and comprehensive loss of $1,306,000 for Q3 Fiscal 2013 was $395,000 lower than the net loss and comprehensive loss for Q3 Fiscal 2012. This relates mainly to the $474,000 decrease in research and development costs, a $201,000 increase in income tax recovery and a $38,000 decrease to accreted interest and adjustments, offset by an increase of $261,000 in general and administrative expenses and an increase of $57,000 in business development expenses.

Operating expenses

Overall operating expenses decreased by $191,000 (11%) during Q3 Fiscal 2013 compared to Q3 Fiscal 2012. Explanations of the nature of costs incurred, along with explanations of changes in those costs are discussed below.

Research and development expenses ("R&D")

R&D expenses include salaries and benefits, expenses associated with the Phase I clinical trial of DPX-Survivac, consulting fees paid to various independent contractors who possess specific expertise required by the Company, the cost of animal care facilities, lab supplies, peptides and other chemicals, rental of lab facilities, insurance, as well as other minor R&D related expenses. These R&D costs are offset by government loans and assistance and by investment tax credits received in relation to the R&D expenses incurred.

The Company's R&D efforts and related expenses for Q3 Fiscal 2013 included costs surrounding the Company's Phase I clinical trial of DPX-Survivac and costs related to the Company'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 2013 $	Q3 Fiscal 2012 $
General research and development expenses	297,000	311,000
DPX-Survivac preclinical and clinical expenses	366,000	900,000
Stock-based compensation	19,000	28,000
Depreciation of equipment and amortization of intangible	27,000	33,000
Government loans and assistance	(117,000)	(191,000)
Investment tax credits	(65,000)	(80,000)
Total	527,000	1,001,000

The largest component of R&D expense for Q3 Fiscal 2013 was $366,000 in Phase I clinical trial expenditures on DPX-Survivac, which was a decrease of $534,000, compared to Q3 Fiscal 2012. This is due to a significant reduction of clinical trial expenditures as the trial is reaching completion, offset by the additional costs for the Phase Ib trial initiated in August to confirm the dosing schedule for the Phase II trial. The government loans and assistance recorded in Q3 Fiscal 2013 consists mainly of non-repayable government grants, in comparison to amounts recorded in Q3 Fiscal 2012 which consisted mainly of the revaluation of the interest-free government loans. Under IFRS, the interest-free repayable government loans 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.

General and administrative expenses ("G&A")

G&A expenses of $752,000 represented 49% of total expenses for Q3 Fiscal 2013 compared to $491,000 (28% of total expenses) for Q3 Fiscal 2012, an overall increase of $261,000 (53%).

G&A expenses include salaries and benefits, directors' fees, legal fees, audit and taxation cost, consulting fees, travel, rental of office facilities, insurance, regulatory fees, stock-based compensation, depreciation of equipment and other minor office expenses.

General and administrative expenses consist of the following:

	Q3 Fiscal 2013 $	Q3 Fiscal 2012 $
General and adminstrative expenses excluding salaries	334,000	247,000
Salaries and benefits	526,000	158,000
Stock-based compensation	(110,000)	84,000
Depreciation of equipment	2,000	2,000
Total	752,000	491,000

G&A expenses excluding salaries increased by $87,000 due mainly to the increase in legal fees of $47,000 due to the fees associated with obtaining the loan from the Province of Nova Scotia and increase in directors' fees of $20,000 due to the increased number of board meetings in Q3 Fiscal 2013. Salary and benefits expense increased by $369,000 due to the severance payment made to the former Chief Executive Officer who left the Company on August 31, 2013. The stock-based compensation expense decreased by $194,000 due to the forfeiture of 620,000 stock options by the former CEO, as well as due to timing of stock option grants.

Business development expenses ("BD")

The Company's business development activities increased in Q3 Fiscal 2013 by $57,000 compared to Q3 Fiscal 2012 to a total of $248,000. This is due mainly to the increase in consulting fees of $65,000 and an increase in legal fees of $74,000, due to increased potential partnering activities. These costs are offset by a decrease in investor relations activity of $51,000, a decrease in business development related travel of $12,000 and a decrease in public relations activities of $7,000.

Results for the nine months ended September 30, 2013, compared to the nine months ended September 30, 2012.

Net loss and comprehensive loss

The net loss and comprehensive loss of $3,856,000 for the nine months ended September 30, 2013 was $833,000 lower than the net loss and comprehensive loss for the nine months ended September 30, 2012. This relates mainly to a $493,000 decrease to accreted interest and adjustments, $483,000 decrease in research and development expenses, $205,000 increase in income tax recovery and a minor decrease of $47,000 in business development expenses, offset by an increase of $396,000 in general and administrative expenses. The decrease in accreted interest and adjustments is due to the changes in the assumptions used to calculate the carrying amount of the long-term debt. The carrying amount of long-term debt requires management to adjust the long-term debt to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available.

Operating expenses

Overall operating expenses decreased by $628,000 (13%) during the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012. Explanations of the nature of costs incurred, along with explanations of changes in those costs are discussed below.

Research and development expenses ("R&D")

R&D expenses include salaries and benefits, expenses associated with the Phase I clinical trial of DPX-Survivac, consulting fees paid to various independent contractors who possess specific expertise required by the Company, the cost of animal care facilities, lab supplies, peptides and other chemicals, rental of lab facilities, insurance, as well as

other minor R&D related expenses. These R&D costs are offset by government loans and assistance and by investment tax credits received in relation to the R&D expenses incurred.

The majority of the Company's R&D efforts and related expenses for the nine months ended September 30, 2013 were costs surrounding the Company's Phase I clinical trial of DPX-Survivac. The remaining R&D costs related to the Company'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:

	Nine months ended September 30, 2013 $	Nine months ended September 30, 2012 $
General research and development expenses	895,000	896,000
DPX-0907 clinical expenses	-	15,000
DPX-Survivac preclinical and clinical expenses	1,229,000	2,294,000
Stock-based compensation	84,000	98,000
Depreciation of equipment and amortization of intangible	82,000	94,000
Government loans and assistance	(259,000)	(859,000)
Investment tax credits	(186,000)	(209,000)
Total	1,845,000	2,329,000

The largest component of R&D expense for the nine months ended September 30, 2013 was $1,229,000 in Phase I clinical trial expenditures on DPX-Survivac, which was a decrease of $1,065,000, compared to the nine months ended September 30, 2012. This is due to a significant reduction of clinical trial expenditures as the trial is reaching completion. The government loans and assistance recorded in the nine months ended September 30, 2013 consists mainly of non-repayable government grants, in comparison to amounts recorded in the nine months ended September 30, 2012 which consisted mainly of the revaluation of the interest-free government loans. Under IFRS, the interest-free repayable government loans 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.

General and administrative expenses ("G&A")

G&A expenses of $1,927,000 represented 47% of total expenses for the nine months ended September 30, 2013 compared to $1,531,000 (32% of total expenses) for the nine months ended September 30, 2012, an overall increase of $396,000 (26%).

G&A expenses include salaries and benefits, directors' fees, legal fees, audit and taxation cost, consulting fees, travel, rental of office facilities, insurance, regulatory fees, stock-based compensation, depreciation of equipment and other minor office expenses.

General and administrative expenses consist of the following:

	Nine months ended September 30, 2013 $	Nine months ended September 30, 2012 $
General and adminstrative expenses excluding salaries	1,075,000	669,000
Salaries and benefits	918,000	535,000
Stock-based compensation	(71,000)	321,000
Depreciation of equipment	5,000	6,000
Total	1,927,000	1,531,000

G&A expenses excluding salaries increased by $406,000 due mainly to the increase in legal fees of $243,000 and an increase in audit fees of $23,000, which relate mainly to the costs surrounding the cancelled public offering, legal fees associated with obtaining the loan from the Province of Nova Scotia, as well as increased patent costs compared to the nine months ended September 30, 2012. The increase also relates to an increase in consulting expenses of $101,000 and $14,000 increase in foreign exchange loss, offset by a decrease in travel of $13,000, a decrease in

office expenses of $17,000 and an increase in interest income of $8,000. During the nine months ended September 30, 2013, the Company completed an in-depth valuation model that led to the increase in consulting fees.

Salary and benefits expense increased by $383,000 due to the severance payment made to the former Chief Executive Officer who left the Company on August 31, 2013. The stock-based compensation expense decreased by $392,000 due to the forfeiture of 620,000 stock options by the former CEO, as well as due to timing of stock option grants.

Business development expenses ("BD")

The Company's business development and investor relations activities decreased in the nine months ended September 30, 2013 by $47,000 compared to the nine months ended September 30, 2013 to a total of $672,000. This is due mainly to the decrease in investor relations activity of $62,000, a decrease in business development related travel of $37,000 and a decrease in public relations activities of $10,000. These costs are offset by an increase in consulting fees of $82,000 and an increase in legal fees of $32,000, due to increased potential partnering activities.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2013, the Company had cash and cash equivalents of $1,139,000 and working capital of $484,000, as compared to $2,002,000 and $2,064,000, respectively at December 31, 2012.
Since the Company's inception, the Company's operations have been financed through the sale of shares, debt, revenue from animal health licenses, interest income on funds available for investment, and government assistance and tax credits.

Three months ended September 30, 2013

During Q3 Fiscal 2013, cash of $1,591,000 was used in operating activities. This included the reported net loss of $1,306,000 prior to being decreased for non-cash amortization, non-cash depreciation, non-cash accretion of long-term debt, and non-cash stock-based compensation. The Company had a net source of cash of $613,000 as a result of non-cash changes in working capital balances.

Sources of cash through financing activities was $1,250,000, as the Company drew down the first disbursement of the $5,000,000 repayable loan from the Province of Nova Scotia, as described below. Uses of cash through financing activities were $24,000 in repayment of long-term debt during Q3 Fiscal 2013.

During Q3 Fiscal 2013, the Company purchased $1,000 worth of equipment for ongoing research and operating activities.

Nine months ended September 30, 2013

During the nine months ended September 30, 2013, cash of $4,343,000 was used in operating activities. This included the reported net loss of $3,856,000 prior to being decreased for non-cash amortization, non-cash depreciation, non-cash accretion of long-term debt, and non-cash stock-based compensation. The Company had a net source of cash of $738,000 as a result of non-cash changes in working capital balances.

Sources of cash raised through financing activities were $1,604,000 in a private placement, less share issuance costs of $35,000, and $1,250,000 through the drawdown of the first disbursement of the $5,000,000 repayable loan from the Province of Nova Scotia, as described below. Use of cash through financing activities was $72,000 in repayment of long-term debt.

During the nine months ended September 30, 2013, the Company purchased $5,000 worth of equipment for ongoing research and operating activities.

On March 5, 2013, the Company completed a private placement of 4,860,244 shares at a price of $0.33 per common share for aggregate gross proceeds of $1,603,880. Total costs associated with the offering were $50,881, including a

finder's fee of 4% of a portion of the gross proceeds, totalling $15,708, which was paid through the issuance of 47,600 common shares at a deemed price of $0.33 per common share. The remaining costs were associated with professional fees and regulatory fees.

On August 2, 2013, the Company secured a $5,000,000 repayable loan from the Province of Nova Scotia, through the Economic and Rural Development and Tourism ("ERDT") department. According to the terms of the agreement, the secured loan is interest bearing at a rate equal to ERDT's cost of funds plus 1%, compounded semi-annually and payable monthly. The loan will be made available in four equal installments based on the Company meeting certain milestones, and is repayable on the fifth anniversary of the date of the first disbursement. The Company drew down the first disbursement of $1,250,000 on August 9, 2013.

The Company aims to maintain adequate cash and cash resources to support the planned activities which include the DPX-Survivac clinical trial program, other research and development activities, business development efforts, administration costs and intellectual property maintenance and expansion. At September 30, 2013, the Company had approximately $1.8 million of existing and identified potential sources of cash including:

- cash and equivalents of $1.1 million; and
- amounts receivable and investment tax credits receivable of $0.7 million.

On November 21, 2013, the Company completed a private placement of 10,511,209 shares at a price of $0.40 per common share for aggregate gross proceeds of $ $4,204,484. In connection with the private placement, the Company agreed to pay finders' fees representing an aggregate of $82,562 in cash, along with 167,218 common shares and 50,925 compensation options, each compensation option entitling its holder to purchase one common share at a price of $0.40 per share until May 21, 2015.

For Q3 Fiscal 2013, the Company's quarterly "cash burn rate" (defined as net loss for the period adjusted for non-cash transactions including amortization, depreciation, accretion of long-term debt, and stock-based compensation) was approximately $1.6 million. The Company forecasts the cash burn rate to be between $1.2 million to $1.4 million per quarter over the next twelve months. Despite the net losses the Company has experienced in the past two years, the Company is forecasting management of a lower cash burn rate for the next twelve months, as it concludes the Phase I and Phase Ib clinical trial for DPX-Survivac.

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 Company 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.

While the Company has recently secured the $5,000,000 loan from the Province of Nova Scotia and has raised $4,200,000 in a private placement, management believes that its cash and cash resources may not be sufficient to fund operations for the next twelve months. While the addition of the loan with the current existing and identified sources of cash appears to provide the Company with sufficient funding for the next twelve months, the Company must meet certain milestones to draw down on the loan and there is no certainty that the Company will be able to do so. The ability of the Company to continue as a going concern is dependent upon meeting the required milestones of the loan, and/or raising additional financing through equity and non-dilutive funding and partnerships. There can be no assurance that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize any products without future financings. There can be no assurance, especially considering the current economic environment, that additional financing will be available on acceptable terms or at all. The Company is currently pursuing financing alternatives that may include equity, debt, and non-dilutive financing alternatives including co-development through potential collaborations, strategic partnerships or other transactions with third parties, that may or may not include merger and acquisitions activities. If the Company is unable to obtain additional financing when required, the Company may have to substantially reduce or eliminate planned expenditures or the Company may be unable to continue operations. These material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2013, the Company paid a payroll liability on behalf of an officer. At September 30, 2013, there are no related party receivables.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("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. Internal controls over financial reporting ("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.

"Venture Issuers" as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

SIGNIFICANT ESTIMATES

The unaudited interim condensed consolidated financial statements as at September 30, 2013 have been prepared in accordance with IFRS. Significant accounting estimates used in preparing the unaudited interim condensed consolidated financial statements include the initial fair valuation of long-term debt, the calculation of the carrying amount of long-term debt, the scientific research and experimental development ("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, 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 Company'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 SRED 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 Company's control and will depend on a variety of factors including the market value of the Company'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 Company's activities in the nine months ended September 30, 2013, management has estimated the amount of accrued liabilities to be recorded.

OUTSTANDING SECURITIES

The number of issued and outstanding common shares of the Company on November 29, 2013 is 70,091,423. The number of outstanding stock options on November 29, 2013 is 5,118,720 including stock options set to expire at the

close of business on November 29, 2013. The outstanding stock options have a weighted average exercise price of $0.59 per share and a weighted average remaining term of 2.58 years.

INTELLECTUAL PROPERTY RIGHTS

The Company strives to protect its intellectual property in established, as well as emerging, markets around the world. The Company's intellectual property portfolio for its vaccine platform technology includes five patent families, the first of which contains five patents issued in four jurisdictions (US, Europe, Japan and Australia) and two pending patent applications in the US and Canada. The four other families collectively contain 33 pending patent applications in eleven jurisdictions. US Patent 6,793,923, issued in 2004, contains claims to the Company's platform, covering "any antigen, any adjuvant in any liposome and any oil". An additional patent application for a DepoVax™ formulation was submitted in 2012. The Company's platform name, DepoVax™, is protected by trademarks registered in the US, Canada and Europe.

Additional granted patents include:
• Europe patent 1,333,858, patent granted February 8, 2006;
• Japan patent 2002-540757, patent granted August 1, 2008;
• Australia patent, 202214861, patent granted January 11, 2007;
• Australia patent, 2006301891, patent granted December 20, 2012; and
• Chinese Patent No. ZL 2006 8 0036783.2, patent granted September 18, 2013.

Since 2008, Immunovaccine has filed five patent cooperation treaty (PCT) applications relating to the VacciMax® and DepoVax™ 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 or a Survivin vaccine. If allowed, these patent applications may extend patent protection for some or all DepoVax™-based vaccines approximately up to the year 2033.

The licensing agreement between the Company and Immunotope for the seven antigens included in the DPX-0907 vaccine candidate stipulates that the Company will assume the cost of prosecuting and maintaining patent applications and issued patents relating to the peptide antigens under license. These antigens are protected by two issued patents in the US and pending patent applications in the US and Europe. A European patent application was recently refused by the European Patent Office. An appeal is underway and the outcome for this particular application in Europe remains uncertain. Additional divisional applications have been filed in Europe. The DPX-0907 vaccine candidate remains protected by granted patents and patent applications (Canada, US, Europe, Japan, Australia, China, India, Brazil, Israel, Hong Kong and Singapore) relating to the core vaccine delivery platform, as well as US patents (7,083,789 and allowed application 11/426,16) and patent applications in the US and Europe relating to the seven peptide antigens.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company 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 Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statements 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 Company 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 Company 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 Company'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 Company. The success of the Company will depend, without limitation, on its ability to:

- obtain additional funding on reasonable terms when necessary;
- obtain sufficient funds or find an industry partner to complete clinical trials;
- obtain positive results of clinical trials;
- achieve development goals and meet set time frames;
- obtain regulatory approval of product pipeline;
- preserve its intellectual property rights;
- retain key personnel;
- establish or maintain strategic collaborations with third parties;
- manufacture product candidates in sufficient yields, at commercial scale and at economical market prices;
- respond effectively or in a timely manner to various competitive factors affecting its industry;
- respond to changes in technology and industry standards;
- obtain adequate insurance coverage;
- generate revenue and profits in the future;
- obtain market acceptance of its product;
- market products at acceptable prices to achieve profitability; and
- adapt to stress in the global economy, including current market conditions.

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 Company and its activities are more fully described in the Annual Information Form of the Company for the year ended December 31, 2012, under the heading "Risk Factors and Uncertainties".

OFF BALANCE SHEET ARRANGEMENTS

The Company was not party to any off balance sheet arrangements as of September 30, 2013.