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Immunovaccine Announces 2010 Second Quarter Results

HALIFAX, NOVA SCOTIA -- (MARKET WIRE) -- 08/27/10 -- Immunovaccine Inc. (TSX VENTURE: IMV), a clinical stage vaccine company, today announced its operational and financial results for the second quarter ended June 30, 2010 ("Q2 Fiscal 2010").

"In July, we signed a deal with Merck KGaA to add DPX-Survivac to our pipeline," said Dr. Randal Chase, President and CEO of Immunovaccine. "This gives us two clinical stage cancer vaccines in active development. Over the coming months our focus will remain on our ongoing Phase I study with DPX-0907 in patients with breast, prostate or ovarian cancer. At the same time, we will begin the formulation and optimization process of combining Survivac and DepoVax with the goal of moving to the clinic as soon as possible. We also look forward to leveraging our clinical work to accelerate our business development efforts with additional licensing agreements and research collaborations."

Financial Results for three months ended June 30, 2010

- Reported a consolidated net loss of $1,802,000 in Q2 Fiscal 2010 compared to a net loss $914,000 during the three month period ended June 30, 2009. Of this increase, approximately $298,000 related to the increased expenses associated with the Phase I clinical trial, $238,000 related to increased business development expenditures and $115,000 related to an increase in non-cash stock-based compensation. The remaining increase of $237,000 related primarily to increased administrative and regulatory costs associated with being a reporting issuer.

- Reported revenues in Q2 Fiscal 2010 of $6,000 compared to no revenues in the first quarter of 2009. These revenues were generated through the Company's animal health activities.

- Ended June 30, 2010 with cash and equivalents of approximately $5.7 million.

Results from operations

Overall operating expenses increased by $844,000 (85%) during Q2 Fiscal 2010 compared to the three month period ended June 30, 2009. During the six month period ending June 30, 2010 total operating expenses increased by $1,339,000 (65%) compared to the six month period ended June 30, 2009. The higher operating expenses are mainly a result of the Company's research and development expenses associated with the DPX-0907 Phase I clinical trial, as well as advancing preclinical studies, business development activities, and expenses associated with now being a publicly traded company.

Total research and development (R&D) expenses of $854,000 for Q2 Fiscal 2010

represented a $301,000 (54%) increase over the three month period ended June 30, 2009. Total R&D expenses of $1,621,000 incurred during the six month period ended June 30, 2010 represented an increase of $377,000 (30%) over the six month period ended June 30, 2009. The largest component of R&D expenses, $632,000, was directly associated with the continuation of the Phase I clinical trial for the Company's therapeutic cancer vaccine, DPX-0907.

General and administrative (G&A) expenses of $500,000 represented 27% of total expenses for Q2 Fiscal 2010 compared to $310,000 (31% of total expenses) for the three month period ended June 30, 2009. G&A expenses of $889,000 represented 26% of total expenses for the six month period ended June 30, 2010 compared to $597,000 (29% of total expenses) for the six month period ended June 30, 2009. Overall increased G&A expenses are due primarily to increased professional services and regulatory expenses associated with being a reporting issuer.

The Company continued to expand its business development (BD) activities during Q2 Fiscal 2010. Total BD expenses of $339,000 represented an increase of $238,000 compared to the three month period ended June 30, 2009. Total BD expenses for the six month period ended June 30, 2010 were $522,000 and represented an increase of $328,000, compared to the six month period ended June 30, 2009. Included in this increase were $156,000 in legal fees and $63,000 in consulting fees directly related to expanding the Company's vaccine pipeline, leading to the recent completion of both the Merck KGaA and Oncothyreon agreements.

Investment tax credits decreased to $50,000 for the total amount recorded for the six month period ended June 30, 2010, from approximately $155,000 during the six month period ended June 30, 2009. The decrease is a result of becoming a public corporation on October 1, 2009, pursuant to which to which the Company no longer qualifies for the refundable federal portion of the investment tax credits.

Non-cash stock-based compensation increased by $342,000 to $382,000 during the six month period ended June 30, 2010 compared to the six month period ended June 30, 2009. The increase was due primarily to the increased number of presently vesting options when compared to the six month period ended June 30, 2009, when there were a smaller number of unvested options outstanding.

As of August 27, 2010, issued and outstanding common shares are 45,555,479, with 3,259,687 stock options and 431,573 broker warrants outstanding. The outstanding stock options have a weighted average exercise price of $0.86 per share, and a weighted average remaining term of 5.3 years. The outstanding warrants expire on September 30, 2010 and have an exercise price of $0.70 per share.

Cash and cash equivalents

At June 30, 2010, the Company had cash and cash equivalents of $5,718,000, as compared to cash and cash equivalents of $6,866,000 at March 31, 2010 and $7,777,000 at December 31, 2009. At June 30, 2010, the Company had working capital of $6,311,000, as compared to working capital of $7,639,000 at March 31, 2010 and $8,326,000 at December 31, 2009.

The "cash burn rate" of the Company (defined as net loss for the period adjusted for non-

cash transactions including amortization, stock-based compensation and shares issued for professional services) is forecasted to increase slightly due to the continuation of the Phase I clinical trial, and be in the range of $1.5 million to $1.7 million per quarter, on average, during Fiscal 2010. At June 30, 2010, the Company had cash resources of approximately $5.7 million and identified additional potential cash resources of $1.5 million. Management is of the belief that this provides the Company with sufficient funds to execute the strategy of completing the DPX-0907 Phase I trial while maintaining adequate working capital until the third quarter of 2011 as there are discretionary expenditures within the current cash forecast which would be reduced in the event that the identified potential sources of cash are not realized or receipt is delayed. The Company continually reassesses the adequacy of its cash resources since should either positive research results be obtained from existing research projects and/or potential collaboration opportunities identified, then additional funding may be required.

On August 11, 2010, the Company announced that it had filed a preliminary short form prospectus in connection with a marketed offering of Units of the Company (the "Offering"). Each Unit will consist of one common share of the Company and one-half of one common share purchase warrant (the "Warrant"). Each whole Warrant will entitle the holder to acquire one common share of the Company upon payment of the exercise price for a period of 36 months following the closing of the Offering. The price of the Units will be determined in the context of the market, with final pricing, determination of the number of Units to be sold pursuant to the Offering, and the exercise price and terms of the Warrants will be disclosed immediately prior to the filing of the final short form prospectus in respect of the Offering. The Offering is expected to close in September 2010.

On July 12, 2010, the Corporation announced that it had entered into an agreement with Merck KGaA to in-license EMD 640744, an investigational therapeutic survivin-based cancer vaccine, known as DPX-Survivac, designed to target multiple solid tumors and hematological malignancies. With the proceeds of the Offering, the Company intends to complete a Phase I study of DPX-Survivac. The Company intends to conduct most of its research activities using its own resources while utilizing third party subcontractors for the manufacture of clinical grade batches of the vaccine and to conduct clinical trials. The remaining proceeds will be used for general supporting research and development and general corporate and working capital purposes.

Recent Developments and Outlook

Immunovaccine continues to execute its business strategy and is actively pursuing additional collaborations and licensing deals. The Company's lead product DPX-0907, a therapeutic cancer vaccine, is on track to complete a Phase I clinical trial in 2011. With the recent acquisition of the Survivin-based vaccine from Merck KGaA, the Company is prioritizing the development of DPX-Survivac. The Survivin protein antigen has been ranked by the National Cancer Institute as a promising antigen because it is over-expressed in common cancers, such as melanoma, prostate, pancreatic, colorectal and multiple myeloma and virtually undetected in healthy tissue. Immunovaccine will further enhance DPX-Survivac by formulating it in its DepoVax delivery system, and completing the necessary preclinical work to take it into further clinical studies.

During Q2 Fiscal 2010 the Company also furthered its efforts to raise awareness of its technology and identify additional partnerships. Key achievements include:

-- On April 5, 2010, the Company announced the publication of its DPX-0907 preclinical study comparing the Company's DepoVax vaccine delivery platform to a standard vaccine formulation used in the clinic today to deliver peptide antigens. The study shows that the DepoVax platform promotes stronger antigen specific immune responses and unlike the control vaccine, the DepoVax formulation does not induce problematic immune regulatory responses.

-- On April 12, 2010, the Company signed a collaborative research agreement with the Dana-Farber Cancer Institute, a principal teaching affiliate of the Harvard Medical School. This research involves formulating Dana-Farber's HIV protein antigens in the Company's DepoVax vaccine delivery platform to establish whether it will induce a stronger immune response.

-- On May 12, 2010, Mr. Paul Kirkconnell was elected to the Board of Directors.

-- On June 7, 2010, the Company announced that it had signed a collaborative research agreement with Vaxil BioTherapeutics, an Israel-based company, to explore the efficacy of Vaxil's cancer antigens in the Company's DepoVax vaccine platform.

-- On June 9, 2010, the Company announced the appointment of Keith Abriel, CA, CFA, as acting Chief Financial Officer, with immediate effect, following the departure of Chief Financial Officer, Mr. Gary Dodge, CA on June 7, 2010. Mr. Abriel will fulfill the role of acting Chief Financial Officer until a permanent appointment is made.

-- On June 29, 2010, the Company announced that it had signed a research agreement with Oncothyreon Inc. a company based in Seattle, to formulate Oncothyreon's ONT-10, a therapeutic vaccine product candidate, in the Company's DepoVax vaccine platform for preclinical testing.

-- Immunovaccine also announced, on July 12, 2010, that it had entered into an agreement with Merck KGaA to in-license EMD 640744, an investigational therapeutic survivin-based cancer vaccine. In acquiring this novel vaccine, the Company intends to build on the current on-going Phase I study for EMD 640744 by formulating DPX-Survivac in its DepoVax vaccine platform. The license agreement grants the Company exclusive worldwide rights, under issued patents and patent applications, to develop and commercialize DPX-Survivac for multiple cancer indications. Under the terms, the Company will pay Merck KGaA success-based milestone payments and royalties as a percentage of product sales. Merck KGaA, based in Darmstadt, Germany, is a global pharmaceutical and chemical company with total revenues of approximately EUR 7.7 billion in 2009 and approximately 33,600 employees in 64 countries according to its public filings.

-- On July 29, 2010, the Company announced that Mr. Albert Scardino joined its Board of Directors.

-- Immunovaccine also announces the resignation of Mr. Brian Lowe as Vice President and Corporate Secretary, effective immediately, in order to devote his full-time energies to his other businesses. Mr. Lowe, a Co-Founder of the Company, will continue to assist the Company as a consultant and remains committed to the continued and future success of Immunovaccine.

The Company's unaudited consolidated financial statements for Q2 Fiscal 2010 and the

management discussion and analysis are available at www.sedar.com.

Immunovaccine Inc. (TSX VENTURE: IMV) is a clinical stage vaccine development company focused on the commercialization of its patented DepoVax vaccine delivery technology and product candidates. The company continues to strengthen its vaccine pipeline through licensing and strategic partnerships to develop therapeutic cancer and infectious disease vaccines. www.imvaccine.com

This press release contains forward-looking information under applicable securities law. All information that addresses activities or developments that we expect to occur in the future is forward-looking information. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made. However, they should not be regarded as a representation that any of the plans will be achieved. Actual results may differ materially from those set forth in this press release due to risks affecting the Company, including access to capital, the successful completion of clinical trials and receipt of all regulatory approvals. Immunovaccine Inc. assumes no responsibility to update forward-looking statements in this press release except as required by law.

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