



IMMUNOPRECISE ANTIBODIES LTD.
(Formerly Tanqueray Exploration Ltd.)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

(Expressed in Canadian Dollars)



Crowe MacKay LLP

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Independent Auditor's Report

**To the Shareholders of
ImmunoPrecise Antibodies Ltd.**

We have audited the accompanying consolidated financial statements of ImmunoPrecise Antibodies Ltd. and its subsidiary, which comprise the consolidated statements of financial position as at April 30, 2017 and April 30, 2016, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ImmunoPrecise Antibodies Ltd. and its subsidiary as at April 30, 2017 and April 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, British Columbia
August 23, 2017**

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	April 30, 2017 \$	April 30, 2016 \$
ASSETS			
Current assets			
Cash		2,578,445	340,881
Amounts receivable		432,559	382,163
Investments and marketable securities	7	-	214,143
Inventory		58,499	-
Unbilled revenue		36,929	68,745
Prepaid expenses		116,808	2,786
Investment tax credits recoverable		61,151	209,047
		3,284,391	1,217,765
Equipment and leasehold improvements	8	644,578	162,653
Total assets		3,928,969	1,380,418
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	664,447	106,187
Deferred revenue		172,468	279,335
		836,915	385,522
Deferred income taxes		-	86,631
		836,915	472,153
SHAREHOLDERS' EQUITY			
Share capital	10	7,459,909	332
Contributed surplus	10	198,032	-
Retained earnings (deficit)		(4,565,887)	907,933
		3,092,054	908,265
Total liabilities and equity		3,928,969	1,380,418
Nature of operations (Note 1)			
Commitments (Note 14)			
Subsequent events (Note 18)			

Approved and authorized on behalf of the Board of Directors on August 23, 2017

"Robert Beecroft" Director

"Thomas D'Orazio" Director

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the years ended April 30, 2017 and 2016
(Expressed in Canadian Dollars)

	Note	2017 \$	2016 \$
REVENUE:			
Antibody services		2,382,495	1,665,525
Cryostorage		248,020	230,593
		2,630,515	1,896,118
OPERATING EXPENSES			
Advertising		119,192	20,830
Amortization	8	50,609	41,881
Bad debt		18,485	117
Consulting fees		803,314	30,650
Foreign exchange (gain)		33,009	(17,043)
Insurance		37,893	33,768
Interest and bank charges		11,985	9,308
Lab operating costs		297,036	273,274
Office and general		104,955	46,737
Professional fees		308,628	53,120
Rent		179,293	133,838
Repairs and maintenance		10,646	25,045
Research and development	13	660,408	302,769
Salaries and benefits	11	1,104,564	677,096
Share-based payments	10,11	198,032	-
Telephone and utilities		22,541	18,650
Travel		56,399	3,432
		4,016,989	1,653,472
(Loss) income before other expenses and income taxes		(1,386,474)	242,646
OTHER EXPENSES			
Accretion	9	4,231	-
Loss on debt settlement	10	188,333	-
Listing expense	6	3,887,160	-
		4,079,724	-
(Loss) income before income taxes		(5,466,198)	242,646
Income taxes	12	82,378	(91,611)
NET AND COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(5,383,820)	151,035
EARNINGS (LOSS) PER SHARE – BASIC AND DILUTED		(0.27)	0.02
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	6	19,810,022	9,602,966

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars, except for share figures)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Retained Earnings (Deficit) \$	Total \$
Balance, April 30, 2015	2,780	332	-	821,898	822,230
Dividends paid	-	-	-	(65,000)	(65,000)
Comprehensive income for the year	-	-	-	151,035	151,035
Balance, April 30, 2016	2,780	332	-	907,933	908,265
Recapitalization transactions (Note 6)					
Shares issued to Tanqueray shareholders for RTO	13,275,639	3,982,692	-	-	3,982,692
Exchanged for shares issued to 0496106 BC Ltd.					
Shareholders pursuant to RTO	9,602,966	-	-	-	-
0496106 BC Ltd. shares cancelled pursuant to RTO	(2,780)	-	-	-	-
Return of capital	-	(1,000,000)	-	-	(1,000,000)
Shares issued pursuant to private placements	14,883,250	4,313,250	-	-	4,313,250
Shares issued pursuant to debt settlement	166,667	213,333	-	-	213,333
Shares issued pursuant to exchangeable note	650,000	104,215	-	-	104,215
Cash issue costs	-	(153,913)	-	-	(153,913)
Dividends paid	-	-	-	(90,000)	(90,000)
Share-based payments	-	-	198,032	-	198,032
Comprehensive loss for the year	-	-	-	(5,383,820)	(5,383,820)
Balance, April 30, 2017	38,578,522	7,459,909	198,032	(4,565,887)	3,092,054

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

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended April 30, 2017 and 2016
(Expressed in Canadian Dollars)

	2017 \$	2016 \$
Operating activities:		
Net (loss) income for the year	(5,383,820)	151,035
Items not affecting cash:		
Amortization	50,609	41,881
Foreign exchange (gain)	33,009	(17,043)
Income taxes	(82,378)	36,380
Loss on debt settlement	188,333	-
Accretion and accrued interest	6,715	-
Listing expense	3,887,160	-
Share-based payments	198,032	-
	(1,102,340)	212,253
Changes in non-cash working capital related to operations:		
Amounts receivable	(46,801)	(74,898)
Unbilled revenue	31,816	(13,620)
Inventory	(58,499)	-
Investment tax credits recoverable	147,896	6,617
Prepaid expenses	(109,022)	-
Accounts payable and accrued liabilities	522,166	37,152
Deferred revenue	(106,867)	116,583
Net cash (used in) provided by operating activities	(721,651)	284,087
Investing activities:		
Investments and marketable securities	214,143	(64,108)
Cash acquired on RTO	141,994	-
Purchase of equipment	(530,750)	(17,480)
Net cash used in investing activities	(174,613)	(81,588)
Financing activities:		
Proceeds on share issuance	4,313,250	-
Share issuance costs	(153,913)	-
Return of capital	(1,000,000)	-
Repayment of long-term debt	-	(26,907)
Proceeds from exchangeable note	97,500	-
Dividends paid	(90,000)	(65,000)
Net cash provided by (used in) financing activities	3,166,837	(91,907)
Foreign exchange on cash	(33,009)	17,043
Increase in cash during the year	2,237,564	127,635
Cash – beginning of the year	340,881	213,246
Cash – end of the year	2,578,445	340,881
Cash paid for interest	(2,141)	(1,281)
Cash paid for income tax	-	-
Non-cash transactions:		
Shares issued pursuant to debt settlement	213,333	-
Shares issued pursuant to exchangeable note	104,215	-

IMMUNOPRECISE ANTIBODIES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2017 and 2016
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

ImmunoPrecise Antibodies Ltd. (the "Company" or "IPA") (formerly Tanqueray Exploration Ltd. ("Tanqueray")) was incorporated under the laws of Alberta on November 22, 1983. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 life science issuer under the trading symbol "IPA". The Company's OTC symbol is "IPATF". The address of the Company's corporate office is 3204 – 4464 Markham Street, Victoria, BC V8Z 7X8.

On December 21, 2016, IPA completed a reverse takeover transaction (the "RTO" or the "Transaction") with 0496106 BC Ltd., pursuant to which IPA acquired all of the issued and outstanding common shares of 0496106 BC Ltd.. Upon completion of the Transaction, the consolidated entity has continued to carry on the business of 0496106 BC Ltd., which is as a supplier of custom hybridoma development services. Refer to Note 6.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and include the significant accounting policies as described in Note 3.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 23, 2017.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for investments and marketable securities which are measured at fair value.

(c) Functional and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, 0496106 BC Ltd.

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

IMMUNOPRECISE ANTIBODIES LTD.
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3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluded taxes. The following specific recognition criteria must also be met before revenue is recognized:

Contract revenue:

Contract revenue is recognized on a percentage of completion basis based on key milestones contained within the contract.

Unbilled revenue and deferred revenue:

Amounts recognized as revenue in excess of billings are classified as unbilled revenue. Amounts received in advance of the performance of services are classified as deferred revenue.

Financial instruments

Financial instruments are classified into one of six categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost. All financial instruments are initially measured in the statement of financial position at fair value. The accounting for subsequent measurement and changes in fair value will depend on their initial classification, as follows: fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; held-to-maturity investments, loans and receivables and financial liabilities are subsequently measured at amortized cost.

In estimating fair value, the Company uses quoted market prices when available. Models incorporating observable market data along with transaction specific factors are also used in estimating fair value. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of observability of inputs that are significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the following fair value hierarchy levels:

Level 1 – quoted prices in active markets for identical assets or liabilities,

Level 2 – techniques (other than quoted prices included in level 1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – techniques which use inputs which have a significant effect on recorded fair values for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its investments and marketable securities as at fair value through profit or loss (Level 1). Cash and amounts receivables are classified as loans and receivables. Accounts payable and accrued liabilities and exchangeable notes are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs in respect of financial instruments at fair value through profit and loss are recognized in profit and loss immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

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Foreign currency translation

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect period-end exchange rates at the statement of financial position date. The resulting exchange gains and losses are included in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Government assistance

The Company periodically applies for financial assistance under available government incentive programs. Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets. Government assistance relating to research and development expenditures is recorded as a reduction of current year's expenses when the related expenditures are incurred.

Inventory

Inventory consists of supplies and parts and is valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

Equipment and leasehold improvements

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Lab equipment	Declining balance	20%
Furniture and equipment	Declining balance	20%
Computer hardware	Declining balance	55%
Computer software	Declining balance	100%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option. In the year of acquisition, half-year amortization is recorded.

Impairment of long-lived assets

The Company reviews long-lived assets including equipment and leasehold improvements for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of their carrying amount to the recoverable amount. The recoverable amount is the higher of the fair value less selling costs or the value in use. Value in use is determined by the present value of the future cash flows from the asset. If the recoverable amount is less than the carrying amount, then there is impairment. Where an impairment loss exists, the portion of the carrying amount exceeding the recoverable amount is recorded as an expense immediately. Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstance indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. The reversal is recognized in profit or loss immediately.

Income taxes

Income taxes are recognized in the statement of comprehensive income, except where they relate to items recognized directly in equity, in which case the related taxes are recognized in equity.

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Deferred tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in profit or loss or equity, as applicable, in the period of substantive enactment.

Current taxes receivable or payable are estimated on taxable income for the current year at the statutory tax rates enacted or substantively enacted.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities, in a particular jurisdiction, will be available against which the assets can be utilized.

As an exception, deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit.

Investment tax credits ("ITCs") are accounted for as a reduction in the cost of the expense when there is reasonable assurance that such credits will be realized. These ITCs are used to reduce current income taxes payable.

Leases

Leases meeting certain criteria are accounted for as finance leases. The imputed interest is charged against operations. If the lease contains a term that allows ownership to pass to the Company, or there is a bargain purchase option, the capitalized value is amortized over the estimated useful life of the related asset. The capitalized value is amortized over the lesser of the lease term and its estimated useful life. All other leases are accounted for as operating leases and the leased assets are not recognized on the Company's statement of financial position.

Exchangeable notes

Exchangeable notes are separated into their liability and equity components on the statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of a similar liability without an associated equity conversion feature and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for debt with similar terms at the time of issue. The fair value of the equity component (conversion feature) is determined at the time of issue as the difference between the face value of the exchangeable note and the fair value of the liability component.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

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Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following revised standards are effective for the annual periods noted with earlier application permitted. The Company also has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

IMMUNOPRECISE ANTIBODIES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9"), which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") and all previous versions of IFRS 9. The new standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company intends to adopt IFRS 9 in its financial statements for the fiscal year beginning May 1, 2018. The extent of the impact of adoption has not yet been determined.

Revenue recognition

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt IFRS 15 in its financial statements for the fiscal year beginning May 1, 2018. The extent of the impact of adoption has not yet been determined.

Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning May 1, 2019. The extent of the impact of adoption has not yet been determined.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS required estimates and judgments that affect the amounts reported in the financial statements. Actual results could differ from these estimates and judgments. Significant areas requiring the use of estimates and judgments are as follows:

Functional currency

The Company has used judgment in determining the currency of the primary economic environment in which the entity operates.

Amounts receivable

The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual trade receivable balances will be paid. Credit risks for outstanding customer receivables are regularly assessed and allowances are recorded for estimated losses.

Investment tax credit receivable

The investment tax credits are estimated by management based on quantitative and qualitative analysis and interpretation of various government programmes, related restrictions, limitations, definitions, and eligibility conditions. Management involves its technical staff and external specialists in determining if the expenditures meet the requirements of the different tax credit claims.

Equipment

The Company has used estimates in the determination of the expected useful lives and amortization rates of equipment and leasehold improvements.

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Revenue recognition

The percentage-of-completion method requires the use of estimates to determine the stage of completion which is used to determine the recorded amount of revenue, unbilled revenue and deferred revenue on uncompleted contracts. The determination of anticipated revenues includes the contractually agreed revenue and may also involve estimates of future revenues if such additional revenues can be reliably estimated and it is considered probable that they will be recovered. The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors, including the cost of materials, labour, and sub-contractors. The determination of estimates is based on the Company's business practices as well as its historical experience. Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised.

6. REVERSE TAKEOVER

On December 21, 2016, IPA completed the Transaction with 0496106 BC Ltd., pursuant to which IPA acquired all of the issued and outstanding common shares of 0496106 BC Ltd. Upon completion of the Transaction, the consolidated entity (the "Resulting Issuer") has continued to carry on the business of 0496106 BC Ltd., which is as a supplier of custom hybridoma development services. As part of the Transaction, the Company changed its name from Tanqueray Exploration Ltd. to ImmunoPrecise Antibodies Ltd. and commenced trading on the Exchange under the symbol "IPA" on December 29, 2016.

Under the terms of the Transaction, IPA acquired all of the issued and outstanding common shares of 0496106 BC Ltd. and, in consideration of which, IPA (A) paid the principal shareholders of 0496106 BC Ltd. \$1,000,000 and (B) issued a total of 9,602,966 common shares to the shareholders of 0496106 BC Ltd. such that they hold 25% of the issued and outstanding shares of the Company on closing of the Transaction and the concurrent private placement that closed at the same time.

As a result of the Transaction, the former shareholders of 0496106 BC Ltd., for accounting purposes, were considered to have acquired control of IPA. Accordingly, the acquisition of 0496106 BC Ltd. was accounted for as a reverse takeover that was not a business combination and effectively was a capital transaction of 0496106 BC Ltd. 0496106 BC Ltd. has been treated as the accounting parent company (legal subsidiary) and IPA has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As 0496106 BC Ltd. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. IPA's results have been included from December 21, 2016, the date of the Transaction.

The cash consideration has been treated as a return of capital. Since IPA's operations do not constitute a business, the carrying value of the net assets of IPA has been credited to the share capital of the Resulting Issuer. Listing expense is expensed and represents the excess of fair value of IPA shares issued in the concurrent financing at \$0.30 per share over the net assets of IPA.

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The purchase price has been allocated as follows:

	\$
13,275,639 common shares of the Company at \$0.30 per share	3,982,692
Fair value of consideration	3,982,692
Cash	141,994
Amounts receivable	3,595
Prepaid expenses	5,000
Equipment and leasehold improvements	1,784
Accounts payable and accrued liabilities	(56,841)
Listing expense	3,887,160
	3,982,692

As part of the Transaction, the Company paid a finder's fee of \$97,022.

The weighted average number of shares outstanding as at April 30, 2017 and April 30, 2016 are adjusted for the 9,602,966 common shares representing the common shares issued to the shareholders of 0496106 BC Ltd. pursuant to the Transaction.

7. INVESTMENTS AND MARKETABLE SECURITIES

Investments and marketable securities consisted of a mutual fund with a balanced investment strategy.

8. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Computer Hardware	Furniture & Equipment	Computer Software	Leasehold Improvements	Lab Equipment	Total
	\$	\$	\$	\$	\$	\$
Cost:						
Balance, April 30, 2015	55,279	75,384	6,754	48,864	645,500	831,781
Additions	7,120	-	-	357	10,003	17,480
Balance, April 30, 2016	62,399	75,384	6,754	49,221	655,503	849,261
Additions	4,313	4,953	-	238,365	284,903	532,534
Balance, April 30, 2017	66,712	80,337	6,754	287,586	940,406	1,381,795
Accumulated Amortization:						
Balance, April 30, 2015	54,063	60,017	5,438	30,117	495,092	644,727
Amortization	2,626	3,073	1,316	3,784	31,082	41,881
Balance, April 30, 2016	56,689	63,090	6,754	33,901	526,174	686,608
Amortization	2,731	4,333	-	8,537	35,008	50,609
Balance, April 30, 2017	59,420	67,423	6,754	42,438	561,182	737,217
Net Book Value:						
April 30, 2016	5,710	12,294	-	15,320	129,329	162,653
April 30, 2017	7,292	12,914	-	245,148	379,224	644,578

The Company acquired \$1,784 of furniture and equipment on completion of the RTO.

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9. EXCHANGEABLE NOTE

On September 12, 2016, the Company entered into an exchangeable note for an aggregate sum of \$97,500. The exchangeable note bore interest at a rate of 5% per annum and was due and payable on September 12, 2017. The holder of the exchangeable note may exchange principal amount of the note for 650,000 units of the Company. Each unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant will be exercisable into one additional common share at a price of \$0.30 per share for a period of one year from the date of issuance of the warrants.

For accounting purposes, the exchangeable note was separated into liability and equity components. The fair value of the liability component was calculated as the discounted cash flows for the exchangeable note assuming a 15% effective interest rate which was the estimated rate for exchangeable notes without a conversion feature. On initial recognition, the Company bifurcated \$89,022 to the carrying value of the loan and \$8,478 to equity.

On March 17, 2017 the exchangeable note was converted into 650,000 units of the Company. On conversion date the Company had recorded interest and accretion of \$6,715.

10. SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

b) Share capital transactions:

Prior to completion of the RTO and on April 30, 2016, 0496106 BC Ltd. had the following shares outstanding:

Issued	\$
1,000 Class D non-voting participating common shares without par value	10
1,000 Class E non-voting participating common shares without par value	10
500 Class F non-voting participating common shares without par value	5
280 Class G non-voting participating common shares without par value	207
400 Class H voting non-participating shares, redeemable at a price of \$0.01 per share	4
11,400 Class I preferred non-voting, non-cumulative redeemable retractable shares redeemable at a price of \$100 per share	96
	332

Prior to the completion of the RTO, 0496106 BC Ltd. declared dividends of \$180 per class F common share for total dividends of \$90,000 (2016 - \$65,000). Upon completion of the RTO the original shares of 0496106 BC Ltd. were cancelled.

On December 21, 2016, 13,275,639 common shares were deemed to be issued by 0496106 BC Ltd. as a result of the RTO (refer to Note 6). The fair value of the 13,275,639 common shares deemed issued (\$3,982,692) was estimated using a fair value of \$0.30 per share.

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On December 21, 2016 the Company completed a private placement, issuing 14,377,500 common shares at \$0.30 per share for gross proceeds of \$4,313,250. The Company also issued 505,750 finders' shares and incurred \$153,913 of cash issue costs.

On March 17, 2017 the Company issued 650,000 units pursuant to the settlement of the exchangeable note (note 9). Each unit consists of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable into one additional common share of the Company at a price of \$0.30 per share and expires on March 17, 2018.

The Company also issued 166,667 common shares to settle debt of \$25,000. The shares were fair valued at \$213,333 and therefore the Company recorded a loss on debt settlement of \$188,333.

c) Escrow

There are 9,767,670 common shares of the Company held in escrow as at April 30, 2017. Under the Escrow Agreement, the common shares held in escrow will be released from escrow as to 1,627,945 common shares on each of June 29, 2017 (released subsequent to April 30, 2017), December 29, 2017, June 29, 2018, December 29, 2018, June 29, 2019 and December 29, 2019.

d) Options

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. The maximum number of options outstanding under the Plan shall not result, at any time, in more than 10% of the issued and outstanding common shares.

On December 21, 2016, the Company granted 1,655,000 stock options, exercisable at \$0.30 per option, to officers, directors, employees and consultants of the Company. The options are subject to vesting conditions as follows: one-third 6 months after grant date; one-third 12 months after grant date and one-third 18 months after grant date. The fair value of these options have been estimated to be \$375,839 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 102%, a risk-free interest rate of 1.38%, and an expected life of 5 years.

On March 15 2017, the Company granted 305,000 stock options, exercisable at \$1.24 per option, to consultants and employees of the Company. The options are subject to vesting conditions as follows: one-third 6 months after grant date; one-third 12 months after grant date and one-third 18 months after grant date. 105,000 options expire on March 15, 2022 and the fair value of these options has been estimated to be \$97,201 using the Black-Scholes option pricing model using the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.55%, and an expected life of 5 years. 200,000 options expire on March 15, 2019 and the fair value of these options has been estimated to be \$130,569 using the Black-Scholes option pricing model using the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.25%, and an expected life of 2 years.

Expected volatility was based on the historical volatility of similar companies.

During the year ended April 30, 2017, the Company had recorded \$198,032 of share based payments expense.

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The changes in the stock options for the year ended April 30, 2017 are as follows:

	Number of options #	Weighted average exercise price \$	Weighted average life remaining (years)
Balance, April 30, 2016 and 2015	-	-	-
Granted	1,960,000	0.45	-
Balance, April 30, 2017	1,960,000	0.45	4.38
Unvested	(1,960,000)	0.45	4.38
Exercisable, April 30, 2017	-	-	-

Details of the options outstanding as at April 30, 2017 are as follows:

Expiry Date	Exercise price \$	Remaining life (year)	Options outstanding	Unvested	Vested
March 15, 2019	1.24	1.87	200,000	200,000	-
December 20, 2021	0.30	4.65	1,655,000	1,655,000	-
March 15, 2022	1.24	4.88	105,000	105,000	-
	0.45	4.38	1,960,000	1,960,000	-

e) Warrants

As at April 30, 2017, the Company has 650,000 warrants outstanding. The warrants have an exercise price of \$0.30 per share and expire on March 17, 2018.

11. RELATED PARTY TRANSACTIONS

Key management compensation:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management consists of Thomas D'Orazio, President and Chief Executive Officer, Robert Beecroft, Chief Technical Officer, Natasha Tsai, Chief Financial Officer, Lauren Smith, Vice-President Sales and Marketing, Teri Otto, Director of Laboratory Services, and Directors of the Company. The compensation for key management is as follows:

	2017 \$	2016 \$
Salaries and other short-term benefits	413,538	330,674
Share-based payments	134,320	-
	547,858	330,674

At April 30, 2017, included in accounts payable and accrued liabilities is \$14,036 (2016 - \$5,379) due to related parties.

During the years ended April 30, 2017 and 2016, the spouse of the Chief Technical Officer provided administrative services for \$49,595 (2016 - \$nil).

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12. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 26% (2016 - 26%) to the earnings before income taxes. The reasons for the differences and related tax effects are as follows:

	2017	2016
	\$	\$
Earnings (loss) before income taxes	(5,466,198)	242,646
Income taxes (recovery) on earnings before income taxes, at above basic rate	(1,421,211)	63,088
Increase (decrease) in taxes resulting from:		
Small business tax rate	(41,473)	(17,723)
Non deductible expenses	1,064,319	400
Change in tax rates	-	46,529
Tax benefits not recognized (recognized)	315,987	(683)
Income taxes (recovery)	(82,378)	91,611

	2017	2016
	\$	\$
Current income taxes	4,253	55,231
Deferred income taxes (recovery)	(86,631)	36,380
Income taxes (recovery)	(82,378)	91,611

Temporary differences give rise to the following deferred income tax assets and liabilities:

	2017	2016
	\$	\$
Non-capital losses carried forward (expire from 2026 to 2037)	1,291,000	-
Other tax pools	1,232,000	-
Capital losses carried forward	100,000	-
Investment tax credits	-	(56,747)
Equipment and leasehold improvements	(15,000)	(31,457)
Financing costs	80,000	1,573
Less: unrecognized deferred income tax asset	(2,688,000)	-
Deferred income tax liability	-	(86,631)

13. RESEARCH AND DEVELOPMENT

	2017	2016
	\$	\$
Gross research and development expenses	765,347	588,747
Less government grants and subsidies	(7,200)	(19,000)
Less investment tax credits	(97,739)	(266,978)
	660,408	302,769

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14. COMMITMENTS

During the year ended April 30, 2017, the Company extended its existing operation lease agreements for rental of office and laboratory space to include one additional office space and for an additional term of 5 years. The new lease agreement commenced January 1, 2017 and terminates on December 31, 2021. The new lease is in the amount of \$12,553 per month for all three spaces from January 1, 2017 to April 30, 2018 and \$13,543 per month from May 1, 2018 to December 31, 2021. The Company also has two operating leases for laboratory equipment with commitments to August 2018.

The minimum annual payments under these leases, excluding operating costs, are as follows:

	\$
2018	165,479
2019	163,358
2020	162,518
2021	162,518
2022	108,345
	762,218

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity. The capital structure of the Company consists of credit facilities and shareholders' equity.

The Company makes adjustments to its capital structure upon approval from its Board of Directors, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the year. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to any externally imposed capital requirements.

16. SEGMENTED INFORMATION AND ECONOMIC DEPENDENCE

At April 30, 2017 and 2016, the Company has one reportable segment, being antibody production and related services.

During the year ended April 30, 2017, the Company had sales to one (2016 - two) customer who in aggregate accounted for 24% (2016 – 48%) of revenue.

The Company's revenues are allocated to geographic segments for the years ended April 30, 2017 and 2016 as follows:

	2017 \$	2016 \$
United States of America	1,992,689	1,530,478
Canada	633,058	294,903
Other	4,768	70,737
	2,630,515	1,896,118

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17. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, amounts receivable and accounts payable and accrued liabilities. Their carrying amounts approximate fair value due to their immediate or short-term maturity.

Concentration of risk:

Industry

The Company operates in the medical research sector and is affected by general economic trends. A decline in economic conditions, research spending or other adverse conditions could lead to reduced revenue.

Concentrations of credit risk

Credit risk relates to cash and amounts receivable and arises from the possibility that counterparty to an instrument may fail to perform. At April 30, 2017, all of the Company's cash was held with tier one banks. The Company has evaluated accounts receivable and determined that there were no allowances for doubtful accounts at April 30, 2017 and 2016. During the year ended April 30, 2017 the Company incurred bad debt expense of \$18,485 (2016 - \$117).

Currency risk

The Company operates in the US and other foreign markets which gives rise to exposure to market risks from changes in foreign currency values. Most significantly, the Company is exposed to potential currency fluctuations between US and Canadian dollars, as approximately 76% of total sales are denominated in US dollars. Fluctuations in the exchange rate could impact profitability.

For the year ended April 30, 2017, a 5% increase in foreign exchange rates by the Canadian dollar relative to the US dollar would have decreased revenue by approximately \$76,000.

At April 30, 2017, the Company held the following assets with a US dollar source currency:

Cash	US\$ 65,241
Amounts receivable	US\$ 196,968
Accounts payable	US\$ 169,108

Liquidity risk:

The Company's approach to managing its obligations is to maintain sufficient resources to meet its obligations when due without undue risk to the Company. The Company monitors its cash requirements on an ongoing basis to ensure that there are sufficient resources for operations as well as to fund anticipated leasing, capital and development expenditures. In addition, the Company manages its cash to meet its debt obligations and to fund general and administrative costs.

18. SUBSEQUENT EVENTS

On August 11, 2017, the Company announced it had signed a definitive agreement (the "Definitive Agreement") with U-Protein Express BV ("U-Protein") whereby the Company will acquire all of the issued and outstanding shares of U-Protein.

Under the terms of the Definitive Agreement the Company acquires all of the issued and outstanding shares of U-Protein for €6,830,000 which will be paid as follows:

- €2,734,732 on closing
- €2,047,634 will be satisfied through the issuance of 3,030,503 common shares of the Company on closing.

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- €2,047,634 in deferred payments over a three-year period. The deferred payments can be made in cash or common shares of the Company at the election of U-Protein shareholders.

In August 2017 the Company completed a private placement, issuing 5,250,000 common shares at \$1.00 per share for gross proceeds of \$5,250,000. The Company issued 281,100 common shares as finders' fees.