

### **Base Shelf Prospectus**

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and Newfoundland and Labrador but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*This short form prospectus has been filed under legislation in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and Newfoundland and Labrador that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state of the United States of America and may not be offered or sold within the United States of America or to U.S. persons (as defined in Regulation S under the 1933 Act), except in accordance with an exemption from the registration requirements of the 1933 Act and applicable state securities laws. See "PLAN OF DISTRIBUTION".*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Immunovaccine Inc. at 1344 Summer Street, Suite 412, Halifax, Nova Scotia, Canada, B3H 0A8 (telephone (902) 492-1819), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## **PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS**

New Issue

August 20, 2012



**Immunovaccine Inc.**

**\$10,000,000**

**Preferred Shares**

**Common Shares**

**Subscription Receipts**

**Warrants**

**Units**

Under this short form base shelf prospectus (the "**Prospectus**"), Immunovaccine Inc. ("**Immunovaccine**" or the "**Corporation**") may from time to time during the 25-month period that this Prospectus, including any amendments, remains valid, offer and issue preferred shares (the "**Preferred Shares**") or common shares (the "**Common Shares**") of its share capital, or subscription receipts (the "**Subscription Receipts**"), warrants to purchase Common Shares (the "**Warrants**") or units comprised of one or more of the other securities described in this Prospectus in any combination (the "**Units**" and together with the Common Shares, Subscription Receipts and Warrants, the "**Securities**") in one or more offerings of up to **\$10,000,000** (or the equivalent in foreign currencies). The Securities may be offered separately or together, in amounts, at prices and on terms based on market conditions at the time of the sale and set forth in an accompanying prospectus supplement (a "**Prospectus Supplement**"). The Corporation may sell the Preferred Shares, the Subscription Receipts and the Warrants in one or more series.

The specific variable terms of any offering of Securities will be set forth in a shelf Prospectus Supplement and may include, where applicable:

- in the case of Preferred Shares, the number of Preferred Shares offered, the offering price and any other specific terms;
- in the case of Common Shares, the number of Common Shares offered, the offering price and any other specific terms;
- in the case of Subscription Receipts, the number of Subscription Receipts offered, the issue price, the terms and procedures for the exchange of the Subscription Receipts and any other specific terms; and
- in the case of Units, the designation, number and terms of the Common Shares and Warrants comprising the Units.

A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters set forth in this Prospectus.

All shelf information permitted under securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. This Prospectus and any applicable Prospectus Supplement should be read carefully before investing in Securities. This Prospectus may not be used to offer any of the Securities unless accompanied by a Prospectus Supplement.

Immunovaccine is a biotechnology company focused on the development, clinical advancement and commercialization of its patented DepoVax™ vaccine-adjuvanting platform through therapeutic cancer vaccines, vaccines for infectious diseases and animal health, and related product candidates. The principal place of business and head and registered office of the Corporation is located at 1344 Summer Street, Suite 412, Halifax, Nova Scotia, B3H 0A8.

The common shares of Immunovaccine are listed and posted for trading on the TSX Venture Exchange (the “TSX-V”) under the symbol “IMV”. On August 17, 2012, the last trading day on the TSX-V prior to the date of filing of this Prospectus, the closing price of the common shares of Immunovaccine on the TSX-V was \$0.32. Unless otherwise specified in an applicable Prospectus Supplement, the Preferred Shares, the Subscription Receipts, the Warrants and the Units will not be listed on any securities or stock exchange or on any automated dealer quotation system.

The Corporation may offer and sell Securities to or through underwriters or dealers, directly to one or more purchasers pursuant to applicable statutory exemptions, or through agents designated from time to time at amounts and prices and other terms determined by the Corporation. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of Securities and will set forth the plan of distribution for such Securities, including the proceeds to the Corporation and any fees, discounts, concessions or other compensation payable to the underwriters, dealers or agents, and any other material terms of the plan of distribution. See “PLAN OF DISTRIBUTION”.

In connection with any underwritten offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See “PLAN OF DISTRIBUTION”.

**Investing in the Securities involves risks, including those that are described in the “Risk Factors” section of this Prospectus. The Corporation will apply to list the Common Shares distributed under this Prospectus including the Common Shares underlying the Preferred Shares, Units, Warrants and Subscription Receipts,**

**if any. However, unless specified in the applicable Prospectus Supplement, there is no market through which the Preferred Shares, Units, Warrants and Subscriptions Receipts may be sold and purchasers may not be able to resell the Preferred Shares, Units, Warrants and Subscription Receipts purchased under this Prospectus and the Prospectus Supplements. This may affect the pricing of the Preferred Shares, Units, Warrants and Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Preferred Shares, Units, Warrants and Subscription Receipts and the extent of issuer regulation. See “RISK FACTORS”.**

**No underwriter has been involved in the preparation of this Prospectus or performed any review of the content of this Prospectus.**

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## GENERAL MATTERS

Purchasers of Securities should rely only on the information contained or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. The Corporation has not authorized anyone to provide purchasers with different or additional information. If anyone provides purchasers with different or additional information, purchasers should not rely on it. The Corporation is not making an offer to sell or seeking an offer to buy these Securities in any jurisdiction where the offer or sale is not permitted. Purchasers should assume that the information contained in this Prospectus or any applicable Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus or any applicable Prospectus Supplement or of any sale of the Securities. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates.

"IMV Immunovaccine", "DepoVax" and "VacciMax" are trademarks of the Corporation. This Prospectus also includes references to trade names and trademarks of other companies, which trade names and trademarks are the properties of their respective owners.

**The corporate website of the Corporation is [www.imvaccine.com](http://www.imvaccine.com). The information on the Corporation's website is not intended to be included or incorporated by reference into this Prospectus and prospective buyers should not rely on such information when deciding whether or not to invest in the Units.**

Statistical information and other data relating to the pharmaceutical and biotechnology industry included in this Prospectus 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 Prospectus were obtained from various publicly available sources. Although the Corporation believes that these independent sources are generally reliable, the accuracy and completeness of the information from such sources are not guaranteed and have not been independently verified.

In this Prospectus, unless otherwise noted, all dollar amounts are expressed in Canadian dollars. References to "US\$", as the case may be, are to United States dollars.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at 1344 Summer Street, Suite 412, Halifax, Nova Scotia, B3H 0A8 (telephone (902) 492-1819), and are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents of the Corporation filed with the securities commissions or similar authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and Newfoundland and Labrador are specifically incorporated by reference in this Prospectus:

- (i) the annual information form of the Corporation dated April 19, 2012 for the year ended December 31, 2011;
- (ii) the audited annual consolidated financial statements of the Corporation and the notes thereto for the years ended December 31, 2011 and 2010, together with the auditor's report thereon;
- (iii) the management's report on financial position and operating results of the Corporation for the year ended December 31, 2011;
- (iv) the unaudited interim condensed consolidated financial statements of the Corporation and the notes thereto for the three and six months ended June 30, 2012 and 2011;

- (v) the management's report on financial position and operating results of the Corporation for the for the three and six months ended June 30, 2012;
- (vi) the management information circular dated April 19, 2012 relating to the annual and special meeting of shareholders of the Corporation held on May 24, 2012; and
- (vii) the material change report dated March 9, 2012 with respect to the closing of a private placement for gross proceeds of \$ 2,788,201.50.

**Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding any confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, information circulars, annual information forms and business acquisition reports filed by the Corporation with a securities commission or similar regulatory authority in Canada on or after the date of this Prospectus and prior to the termination of the distribution under this Prospectus shall be deemed to be incorporated by reference into this Prospectus.**

Upon a new renewal annual information form and the related audited annual consolidated financial statements and management's discussion and analysis of financial condition and results of operations being filed by the Corporation with the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous audited annual consolidated financial statements and the management information circular filed prior to the commencement of the Corporation's financial year in which the new renewal annual information form was filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offerings of Securities hereunder.

**Any statement contained in this Prospectus or in a document incorporated by reference or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Only the modifying or superseding statement shall be deemed to constitute a part of this Prospectus.**

#### **FORWARD-LOOKING STATEMENTS**

Certain statements in this Prospectus may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Prospectus, 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 Prospectus. **Forward looking statements include, among others:**

- **statements with respect to the sufficiency of the Corporation's financial resources to support its activities;**
- **potential sources of funding;**
- **the Corporation's ability to obtain necessary funding on favorable terms or at all;**
- **the Corporation's expected expenditure and accumulated deficit level;**
- **the Corporation's expected outcomes from ongoing research and research collaborations;**

- **the Corporation’s business strategy;**
- **the Corporation’s plans for the research and development of certain product candidates;**
- **the Corporation’s strategy for protecting its intellectual property;**
- **the Corporation’s ability to identify licensable products or research suitable for licensing and commercialization;**
- **the Corporation’s ability to obtain licences on commercially reasonable terms;**
- **the Corporation’s plans for generating revenue; and**
- **the Corporation’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 Prospectus are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this Prospectus.

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 Prospectus. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- the availability of financing on reasonable terms;
- positive results of pre-clinical and clinical tests;
- the Corporation’s ability to successfully develop existing and new products;
- the Corporation’s ability to attract and retain skilled staff;
- the products and technology offered by the Corporation’s competitors;
- general business and economic conditions;
- the Corporation’s ability to protect patents and proprietary rights;
- the Corporation’s ability to manufacture its products and to meet demand; and
- regulatory approvals.

**Purchasers should not place undue reliance on these forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement.**

## **THE CORPORATION**

### **Business of the Corporation**

Immunovaccine is a biotechnology company focused on the development and clinical advancement of its patented DepoVax™ vaccine-adjuvanting platform. Based on this platform, the Corporation is developing multiple therapeutic cancer vaccines and vaccines for infectious diseases and has out-licensing agreements to develop animal

health vaccines. The Company believes, and based on reported pre-clinical and clinical data, the DepoVax™ platform produces a strong, high-quality immune response that has a specific and sustained immune effect. The Corporation's adjuvanting technology platform has broad application and is being evaluated in multiple vaccine candidates, including two cancer vaccine candidates both in Phase I clinical trials. Immunovaccine has research collaborations for infectious diseases and other cancer vaccine candidates with several leading biotechnology companies and research organizations, including the US National Institutes of Health ("NIH"). In addition to the Corporation's human health vaccine strategy, it continues to capture value from animal health vaccine applications. The Corporation has developed relationships with two of the world's leading animal health companies, one of which is Pfizer Animal Health, a division of Pfizer Inc. ("Pfizer"), which has licensed the Company's delivery technology platform to develop vaccines for livestock.

## Recent Developments

The Corporation recently announced, in June 2012, positive interim results for the multi-center open-label, dose-ranging Phase I clinical trial of DPX-Survivac, in patients with ovarian cancer. Results from the trial's first cohort, consisting of three patients given three doses of DPX-Survivac over a period of six weeks, demonstrated that DPX-Survivac was well tolerated with no serious adverse events reported, and that the vaccine is immunogenic as a monotherapy. The Phase I trial, designed to test the safety and immunogenicity of the combination of the vaccine with low dose cyclophosphamide, is expected to complete patient enrollment in Q3 2012 with trial results expected in Q4 2012.

The Corporation also announced, in June 2012, more detailed positive results from a Phase I clinical trial of DPX-0907, highlighting targeted multi-functional immune responses induced by the Corporation's vaccine candidate in a poster presentation at the 48th Annual Meeting of the American Society of Clinical Oncology ("ASCO"). Data indicated that 61% (11/18) of the study's evaluable cancer patients, and more specifically in 89% (8/9) of evaluable study patients with breast or ovarian cancer, experienced the desired targeted T cell responses against one or more of the seven key cancer-specific antigens contained in DPX-0907.

## CONSOLIDATED CAPITALIZATION

The following table summarizes changes in the Corporation's capitalization as at the date of this Prospectus since June 30, 2012, being the date of the most recently filed unaudited interim condensed consolidated financial statements of the Corporation.

Description	Outstanding as at June 30, 2012 (Unaudited)	Outstanding as at August 20, 2012 (Unaudited)
Common Shares	63,505,152	63,505,152
Common Share Purchase Warrants	4,137,556	4,137,556
Stock Options	5,067,150	5,067,150
Total Share Capital (fully diluted)	72,709,858	72,709,858
Long Term Debt	\$1,004,850	\$1,035,631

## DESCRIPTION OF SHARE CAPITAL

Immunovaccine's authorized share capital consists of an unlimited number of common shares and preferred shares issuable in series, all without par value. As of the date hereof, a total of 63,505,152 common shares and no preferred shares are issued and outstanding.

### Common Shares

The common shares of the Corporation rank junior to the preferred shares with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation. Subject to the prior rights of the holders of preferred shares, the holders of common shares are entitled to receive dividends as and when declared by the Board of Directors of the Corporation. In the event of liquidation, dissolution or winding-up of the Corporation, subject to the prior rights of the holders of preferred shares, the holders of

common shares are entitled to receive all the remaining property and assets of the Corporation. The holders of common shares are entitled to receive notice of and to attend and to vote at all meetings of the shareholders of the Corporation and each common share, when represented at any meeting of the shareholders of the Corporation, carries the right to one vote.

### **Preferred Shares**

The preferred shares of the Corporation are issuable from time to time in one or more series as determined by the Board of Directors of the Corporation. The Board of Directors of the Corporation may determine, before issuance, the designation, rights, privileges and restrictions attached to each series of preferred shares including the rate of preferential dividends, the dates of payment thereof, the redemption price and the terms of redemption, voting rights and conversion rights (if any), the whole subject to the filing of articles of amendment setting forth the designation, rights, privileges, restrictions, conditions and limitations attaching to the preferred shares of such series and the issuance of a certificate of amendment in respect thereof. If any cumulative dividends or amounts payable on return of capital in respect of a series of preferred shares are not paid in full, the preferred shares of all series shall participate rateably in respect of accumulated dividends and return of capital. The holders of preferred shares are entitled to priority over holders of any common shares of the Corporation with respect to the payment of dividends or the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation. Except as required by law or in accordance with any voting rights which may from time to time be attached to any series of preferred shares, the holders of the preferred shares as a class shall not be entitled to receive notice of, to attend or to vote at any meetings of the shareholders of the Corporation.

### **DESCRIPTION OF SUBSCRIPTION RECEIPTS**

The following description of the terms of Subscription Receipts sets forth certain general terms and provisions of Subscription Receipts in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Subscription Receipts.

Subscription Receipts may be offered separately or in combination with one or more other Securities. The Subscription Receipts will be issued under a subscription receipt agreement. A copy of the subscription receipt agreement will be filed by the Corporation with the applicable securities commission or similar regulatory authorities after it has been entered into by Immunovaccine and will be available electronically at [www.sedar.com](http://www.sedar.com). Pursuant to the subscription receipt agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against the Corporation, following the issuance of the underlying Common Shares or other securities to such purchasers upon the surrender or deemed surrender of the Subscription Receipts, to receive the amount paid for the Subscription Receipts in the event that this Prospectus and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days from the closing date of the offering of Subscription Receipts.

The description of general terms and provisions of Subscription Receipts described in any Prospectus Supplement will include, where applicable:

- the number of Subscription Receipts offered;
- the price at which the Subscription Receipts will be offered;
- if other than Canadian dollars, the currency or currency unit in which the Subscription Receipts are denominated;
- the procedures for the exchange of the Subscription Receipts into Common Shares or other securities;
- the number of Common Shares or other securities that may be obtained upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;

- the terms applicable to the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- the material tax consequences of owning the Subscription Receipts; and
- any other material terms, conditions and rights (or limitations on such rights) of the Subscription Receipts.

The Corporation reserves the right to set forth in a Prospectus Supplement specific terms of the Subscription Receipts that are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Subscription Receipts described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Subscription Receipts.

## DESCRIPTION OF WARRANTS

The following description, together with the additional information the Corporation may include in any applicable Prospectus Supplement, summarizes the material terms and provisions of the Warrants comprised in the Units that the Corporation may offer under this Prospectus in one or more series. While the terms the Corporation has summarized below will apply generally to any Warrants that it may offer under this Prospectus, the Corporation will describe the particular terms of any series of Warrants that it may offer in more detail in the applicable Prospectus Supplement. The terms of any Warrants offered under a Prospectus Supplement may differ from the terms described below.

### General

Warrants will be issued under and governed by the terms of one or more warrant indentures (each a “**Warrant Indenture**”) between the Corporation and a warrant trustee (the “**Warrant Trustee**”) that the Corporation will name in the relevant Prospectus Supplements. Each Warrant Trustee will be a financial institution organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee.

This summary of some of the provisions of the Warrants is not complete. The statements made in this Prospectus relating to any Warrant Indenture and Warrants to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Warrant Indenture. Prospective investors should refer to the Warrant Indenture relating to the specific Warrants being offered for the complete terms of the Warrants. A copy of any Warrant Indenture relating to an offering of Warrants will be filed by the Corporation with the applicable securities regulatory authorities in Canada after the Corporation has entered into it.

The applicable Prospectus Supplements relating to any Warrants offered by the Corporation will describe the particular terms of those Warrants and include specific terms relating to the offering.

The particular terms of each issue of Warrants will be described in the applicable Prospectus Supplements. This description will include, where applicable:

- the designation and aggregate number of Warrants;
- the price at which the Warrants will be offered;
- the date on which the right to exercise the Warrants will commence and the date on which the right will expire;
- the number of Common Shares that may be purchased upon exercise of each Warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each Warrant;
- the designation and terms of any Securities with which the Warrants will be offered, if any, and the number of Warrants that will be offered with each Security;
- the date or dates, if any, on or after which the Warrants and the other Securities with which the Warrants will be offered will be transferable separately;

- whether the Warrants will be subject to redemption and, if so, the terms of such redemption provisions;
- whether the Corporation will issue the Warrants as global securities and, if so, the identity of the depositary of the global securities;
- whether the Warrants will be listed on any exchange;
- material United States and Canadian federal income tax consequences of owning the Warrants; and
- any other material terms or conditions of the Warrants.

## DESCRIPTION OF UNITS

The Corporation may issue Units comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included security. The unit agreement, if any, under which a Unit is issued may provide that the securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

The particular terms and provisions of Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Units.

## PRIOR SALES

### 2012 Private Placement

On March 7, 2012, the Corporation completed a non-brokered private placement of 9,294,005 common shares for gross proceeds of \$2,788,201.50.

### Common Shares

The Corporation has not issued common shares, other than as part of the 2012 private placement, in the twelve months preceding the date of this Prospectus.

### Options

The following table sets forth the date, number and prices at which the Corporation has issued options to purchase common shares pursuant to its stock option plan in the twelve months preceding the date of this Prospectus:

Date	Total Number of Options Issued	Exercise Price of Options (\$)
August 26, 2011	50,000	0.550
September 23, 2011	1,860,000	0.380
November 8, 2011	50,000	0.450
March 9, 2012	812,500	0.400
May 28, 2012	50,000	0.295

## USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds received by the Corporation from the sale of the Securities will be used for working capital and general corporate purposes including, but not limited to, developing its vaccine product candidates for human health using the DepoVax™ vaccine platform. Through licensing and strategic partnering, the Corporation intends to develop a pipeline of DepoVax™-based therapeutic cancer and infectious diseases vaccines. A Prospectus Supplement will contain specific information about the use of proceeds from the sale of the Securities under that Prospectus Supplement.

More detailed information regarding the use of proceeds from the sale of the Securities will be described in any applicable Prospectus Supplement. Pending the application of the net proceeds, the Corporation intends to invest the net proceeds in investment-grade, interest-bearing securities, the primary objectives of which are liquidity and capital preservation.

#### PLAN OF DISTRIBUTION

The Corporation may sell its Securities to or through underwriters, dealers, placement agents or other intermediaries and the Corporation may also sell its securities directly to purchasers or through agents in negotiated transactions, block trades, equity lines of credit or a combination of these methods, subject to obtaining any applicable exemption from registration requirements. The Securities offered pursuant to any Prospectus Supplement may be sold from time to time in one or more transactions at:

- a fixed price or prices, which may be changed from time to time;
- market prices prevailing at the time of sale;
- prices related to such prevailing market prices; or
- other negotiated prices.

The Corporation may only offer and sell the Securities pursuant to a Prospectus Supplement during the 25-month period that this Prospectus, including any amendments hereto, remains effective. The Prospectus Supplements for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the type of Security being offered, the name or names of any underwriters, dealers or agents, the purchase price of such Securities, the proceeds to the Corporation from such sale, any underwriting commissions or discounts and other items constituting underwriters' compensation and any discounts or concessions allowed or re-allowed or paid to dealers. Only underwriters so named in the Prospectus Supplements are deemed to be underwriters in connection with the Securities offered thereby.

In connection with the sale of Securities, underwriters may receive compensation from the Corporation or from purchasers of Securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters, dealers, placement agents or other intermediaries that participate in the distribution of Securities may be deemed to be underwriters and any discounts or commissions received by them from the Corporation and any profit on the resale of securities by them may be deemed to be underwriting discounts and commissions under applicable securities legislation.

If so indicated in the applicable Prospectus Supplements, the Corporation may authorize dealers or other persons acting as its agents to solicit offers by certain institutions to purchase the Securities directly from the Corporation pursuant to contracts providing for payment and delivery on a future date. These contracts will be subject only to the conditions set forth in the applicable Prospectus Supplements, which will also set forth the commission payable for solicitation of these contracts.

Any offering of Preferred Shares, Warrants, Units or Subscription Receipts will be a new issue of Securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplements, the Preferred Shares, Warrants, Units or Subscription Receipts will not be listed on any securities exchange. **Unless otherwise specified in the applicable Prospectus Supplements, there is no market through which the Preferred Shares, Warrants, Units or Subscription Receipts may be sold and purchasers may not be able to resell Preferred Shares, Warrants, Units or Subscription Receipts purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Preferred Shares, Warrants, Units or Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.** Certain dealers may make a market in the Preferred Shares, Warrants, Units or Subscription Receipts.

The Prospectus Supplements will set forth the terms of the offering of Securities, including:

- the name or the names of any underwriters, dealers or other placement agents, if any;
- the purchase price of, and form of consideration for, the Securities and the proceeds;
- any delayed delivery arrangements;
- any underwriting commissions, fees, discounts and other items constituting underwriters' compensation;
- the offering price;
- any discounts or concessions allowed or re-allowed or paid to dealers; and
- any other securities exchanges on which the Securities may be listed, if any.

Only the underwriters named in a Prospectus Supplement are deemed to be underwriters in connection with the Securities offered by that Prospectus Supplement.

The Common Shares may be sold, from time to time in one or more transactions at a fixed price or prices that may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market price or at negotiated prices.

Under agreements that may be entered into by Immunovaccine, underwriters, dealers and agents who participate in the distribution of securities may be entitled to indemnification by the Corporation against certain liabilities, including liabilities under any applicable Canadian provincial securities legislation, or to contributions with respect to payments that such underwriters, dealers or agents may be required to make in that respect.

In connection with an offering, the underwriters, if any, may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time and would be subject to applicable law.

#### **By Underwriters or Dealers**

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Unless otherwise set forth in the Prospectus Supplements relating thereto, the obligations of underwriters to purchase the Securities will be subject to certain conditions, but the underwriters will be obligated to purchase all of the Securities offered by the Prospectus Supplements if any of such Securities are purchased. The Corporation may agree to pay the underwriters a fee or commission for various services relating to the offering of any Securities. Any such fees or commissions will be paid out of the general corporate funds of the Corporation.

If dealers are used, and if so specified in the applicable Prospectus Supplements, the Corporation will sell such Securities to the dealers as principals. The dealers may then resell such Securities to the public at varying prices to be determined by such dealers at the time of resale. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

#### **By Agents**

The Securities may also be sold through agents designated by the Corporation. Any agent involved will be named, and any fees or commissions payable by the Corporation to such agent will be set forth, in the applicable Prospectus Supplements. Any such fees or commissions will be paid out of the general corporate funds of the Corporation. Unless otherwise indicated in the Prospectus Supplements, any agent will be acting on a best efforts basis for the period of its appointment.

## Direct Sales

Securities may also be sold directly by the Corporation at such prices and upon such terms as agreed to by the Corporation and the purchaser. In this case, no underwriters, dealers or agents would be involved in the offering.

## TRADING PRICE AND VOLUME

The following table sets forth the reported high and low sales prices in Canadian dollars and the cumulative volume of trading of the common shares of Immunovaccine on the TSX-V for the periods indicated below:

<b>Immunovaccine Inc.</b>			
	<b>Price Ranges</b>		<b>Trading Volumes</b>
	<b>High (\$)</b>	<b>Low (\$)</b>	
August 2011	\$0.51	\$0.32	303,685
September 2011	\$0.47	\$0.31	577,262
October 2011	\$0.48	\$0.30	453,262
November 2011	\$0.60	\$0.38	244,404
December 2011	\$0.46	\$0.28	617,746
January 2012	\$0.36	\$0.29	409,409
February 2012	\$0.40	\$0.30	568,786
March 2012	\$0.49	\$0.33	560,607
April 2012	\$0.44	\$0.34	746,980
May 2012	\$0.42	\$0.28	613,319
June 2012	\$0.37	\$0.29	755,555
July 2012	\$0.45	\$0.33	299,664
August 1-17, 2012	\$0.35	\$0.30	354,040

## RISK FACTORS

There are a number of risks that prospective purchasers should consider before investing in the securities of Immunovaccine, including, but not necessarily limited to, those risks highlighted in this Prospectus and in other documents incorporated by reference herein. An investor should carefully consider the following risk factors in addition to the other information contained in this Prospectus before purchasing Securities. The risks and uncertainties below are not the only ones related to the Corporation. There are additional risks and uncertainties that the Corporation does not presently know of or that the Corporation currently considers immaterial which may also impair the Corporation's business operations and cause the price of the Common Shares or Securities to decline. If any of the following risks actually occur, the Corporation's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of the Common Shares or Securities could decline, and an investor may lose all or part of his or her investment.

### **Risk Factors related to the Business of Immunovaccine**

#### *Limited Business and Revenue History; Future Capital Needs; Uncertainty of Additional Funding*

The Corporation has only a limited history upon which one can evaluate its business and prospects as its technologies are still at an early stage of development. The Corporation has limited experience and has not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, such as the biotechnology industry. The Corporation has not begun to market or generate revenues from the commercialization of any products related to human health. The likelihood of success of the Corporation must be considered in light of the risks inherent in, and the difficulties, costs and complications associated with, the early growth stages of a business enterprise, as well as with the development and marketing of new products.

The Corporation may not be able to fully implement and execute its business strategy without additional financing. While the estimated future capital requirements of the Corporation are uncertain and will depend on, and could increase or decrease as a result of, many factors, including the extent to which the Corporation elects to advance its research, development, clinical, manufacturing, and commercialization activities, the Corporation will need significant additional capital to develop its product candidates through clinical development and manufacturing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favorable or reasonable commercial terms or that it will not result in substantial dilution to its shareholders. If additional funds are raised through the issuance of equity or equity-linked debt securities, the percentage ownership in the Corporation of its current shareholders will be reduced, and such securities may have rights, preferences, or privileges senior to or equal to those of the common shares held by the current shareholders of the Corporation, or any other securities outstanding on the date hereof. If the Corporation raises funds through the issuance of debt securities, those securities would have rights, preferences, and privileges senior to those of the common shares. If the Corporation seeks strategic alliances, licenses, or other alternative arrangements, such as arrangements with collaborative partners or others, it may need to relinquish rights to certain of its existing or future technologies, product candidates, or products it would otherwise seek to develop or commercialize on its own, or to license the rights to its technologies, product candidates or products on terms not favorable to it. These arrangements could have a material adverse effect on the Corporation's business, results of operations, financial condition, cash flow, or future prospects.

The Corporation has received significant funding from government organizations since its inception totalling over \$10 million. There is no assurance the Corporation will continue to apply for and/or be awarded government funding in the future. If adequate funds are not available to satisfy ongoing capital requirements, the Corporation may be required either to curtail its operations significantly or to obtain funds, if available, through arrangements with strategic partners or others that may require the Corporation to relinquish material rights to certain technologies or potential markets. There is no certainty that financing will be available in amounts required for the Corporation to pursue its activities or on acceptable terms, if at all.

Any failure to raise additional funds on favorable terms could have a material adverse effect on the Corporation's liquidity and financial condition.

#### *Recent and Anticipated Future Losses*

The Corporation's products are in the pre-commercialization or development stage and, accordingly, its business operations are subject to all the risks inherent in the establishment and maintenance of a developing enterprise. The Corporation expects to spend significant amounts to fund research and development and develop the DepoVax™-based products. It also expects to incur substantial costs to manufacture its product candidates. As a result, it expects that operating expenses will increase significantly over the next several years and, consequently, it will need to generate significant additional revenue to achieve profitability. Accordingly, due to the nature of its operations, the Corporation expects to incur losses from operations for the near future, which in turn may impact future operating performance which may, in turn, cause the market value of the common shares to decline.

There is no assurance that the Corporation will earn profits in the future, or that profitability will be sustained. The pharmaceutical drug development industry requires significant financial resources, and there is no assurance that future revenues will be sufficient to generate the funds required to continue the Corporation's business development and marketing activities. If the Corporation does not have sufficient capital to fund its operations, it may be required to reduce its product development efforts or forego certain business opportunities.

#### *Results of Clinical Trials*

The Corporation must demonstrate its products' safety and efficacy in humans through extensive clinical testing. The Corporation's research and development programs are at an early stage of development. The Corporation may experience numerous unforeseen events during, or as a result of, the testing process that could delay or prevent commercialization of its products, including, but not limited to, the following:

- the results of pre-clinical studies may be inconclusive, or they may not be indicative of results that will be obtained in human clinical trials;
- safety and efficacy results attained in early human clinical trials may not be indicative of results that are obtained in later clinical trials;
- after reviewing test results, the Corporation’s collaborators or the Corporation may abandon projects that it might previously have believed to be promising;
- the Corporation, its collaborators or regulators, may suspend or terminate clinical trials if the participating subjects or patients are being exposed to unacceptable health risks; and
- the Corporation’s potential products may not have the desired effects or may include undesirable side effects or other characteristics that preclude regulatory approval or limit their commercial use if approved.

Clinical testing is very expensive, can take many years, and the outcome is uncertain. The data collected from clinical trials may not be sufficient to support approval by the regulatory authorities of the Corporation’s product candidates. The clinical trials of the Corporation’s product candidates under development may not be completed on schedule and the regulatory authorities may not ultimately approve any of the Corporation’s product candidates for commercial sale. If the Corporation fails to adequately demonstrate the safety and efficacy of a product under development, this would delay or prevent regulatory approval of the product candidate, which could prevent it from achieving profitability.

The results of these studies or trials, when published, may have a significant effect on the market for the pharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials related to the Corporation’s product candidates, an active ingredient in the Corporation’s product candidates, the Corporation’s vaccine delivery product candidates, or the therapeutic areas in which the Corporation’s product candidates compete, could adversely affect the Corporation’s sales, the prescription trends for the Corporation’s products and the reputation of the Corporation’s products. In the event of the publication of negative results of studies on the Corporation’s vaccine delivery product candidates or clinical trials related to the Corporation’s product candidates, an active ingredient in the Corporation’s product candidates, or the therapeutic areas in which the Corporation’s product candidates compete, the Corporation’s business and financial results could be materially adversely affected.

#### *Development Goals and Time Frames*

The Corporation will set goals for and make public statements regarding timing of the accomplishment of objectives material to its success, such as the commencement and completion of clinical trials, anticipated regulatory approval dates, and the timing of product launches. The actual timing of these events can vary dramatically due to factors such as delays or failures in clinical trials, the uncertainties inherent in the regulatory approval process, and delays in achieving product development, manufacturing or marketing milestones necessary to commercialize its products. There can be no assurance that the Corporation’s clinical trials will be completed, that it will make regulatory submissions or receive regulatory approvals as planned, or that it will be able to adhere to its current schedule for the scale-up of manufacturing and launch of any of its products. If the Corporation fails to achieve one or more of these milestones as planned, it could have a material adverse effect on the business carried on by the Corporation.

Although for planning purposes the Corporation projects the commencement, continuation and completion of clinical trials, a number of factors, including scheduling conflicts with participating clinicians and clinical institutions, and difficulties in identifying and enrolling patients who meet trial eligibility criteria, may cause significant delays. The Corporation may not commence or complete clinical trials involving any of its products as projected or may not conduct them successfully.

The Corporation will rely on academic institutions or clinical research organizations to conduct, supervise or monitor some or all aspects of clinical trials involving its products, as a result it will have less control over the timing and other aspects of these clinical trials than if it conducted them entirely on its own. If the Corporation fails to commence or complete, or experiences delays in, any of its planned clinical trials, its common share price and its ability to conduct business as currently planned could be materially adversely affected.

### *Approval of Product Pipeline*

The Corporation has several vaccine products for cancer and infectious diseases under development. Each of these products will have to undergo the expensive regulatory process in the jurisdiction where they will be commercialized. The Corporation is currently developing two products for clinical testing, with DPX-0907, a therapeutic cancer vaccine being the furthest developed with the completion of a Phase I clinical trial. DPX-Survivac is currently in Phase I clinical trial and the Corporation expects to have final results from this Phase I trial by the end of 2012. FDA approval at each stage of the regulatory process (Phase I, Phase II, Phase III, licensing) may not be granted in a timely manner or at all for some of these products, which would have a material adverse effect on the Corporation's business. Approvals may be refused or delayed for a number of reasons, including the requirement for additional pre-clinical or clinical studies. Challenges of notices of infringement by patent holders may also adversely affect projected timelines for any or all products under development.

### *Applicability of Patents and Proprietary Technology*

Competitors may have filed patent applications, or hold issued patents, relating to products or processes competitive with those of the Corporation. The Corporation's patent applications for a product may not be approved or approved as desired. The patents of the Corporation's competitors may impair its ability to do business in a particular area. Others may independently develop similar products or duplicate any of the Corporation's unpatented products. The Corporation's success will depend, in part, on its ability in the future to obtain patents, protect trade secrets and other proprietary information and operate without infringing the proprietary rights of others. Patent protection is uncertain and involves many complex legal, scientific and technical questions. The degree of legal protection afforded under patents is unclear. As a result, the scope of patents issued to the Corporation or its partners may not successfully prevent third parties from developing similar or competitive products.

The Corporation will enter into confidentiality agreements with its employees, suppliers and vendors. However, these confidentiality agreements may be breached, and the Corporation may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology belonging to the Corporation. Third parties may otherwise gain access to the Corporation's proprietary information and adopt it in a competitive manner.

In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued. Also, the Corporation faces the following intellectual property risks:

- some or all patent applications may not result in the issuance of a patent;
- patents issued may not provide the Corporation with any competitive advantages;
- patents could be challenged by third parties;
- the patents of others could impede the Corporation's ability to do business;
- competitors may find ways to design around the Corporation's patented products; and
- competitors could independently develop products which duplicate the Corporation's products.

The products and processes of the Corporation may infringe, or be found to infringe upon, patents not owned or controlled by the Corporation. Patents held by others may require that the Corporation alters its products or processes, obtain licenses, or stop activities. If relevant claims of third-party patents are upheld as valid and enforceable, the Corporation could be prevented from practicing the subject matter claimed in the patent. In addition, the Corporation may be required to obtain licenses, redesign its products or processes to avoid infringement, or pay monetary damages. As a result, the Corporation's business may suffer if it is not able to obtain licenses at all or on commercially reasonable terms or if it is required to redesign its products or processes to avoid the infringement of third party rights.

### *Patent Litigation*

A number of industry competitors and institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to or affect the Corporation's business. Claims by these companies that the Corporation infringes upon their proprietary technology may result in liability for damages or may delay the development and commercialization efforts for the Corporation's products. Such conflict could limit the scope of the patents, if any, that the Corporation may be able to obtain or result in the denial of its patent applications. In addition, if patents that cover the Corporation's activities are issued to other companies, there can be no assurance that the Corporation would be able to obtain licenses to these patents at a reasonable cost or be able to develop or obtain alternative technology. If the Corporation does not obtain such licenses, it could encounter delays in the introduction of products, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited. In the pharmaceutical industry, it is not uncommon for competitors to advance such claims for strategic purposes. Furthermore, there can be no assurance that patent or other litigation will not arise in connection with any of the Corporation's products, future products or product candidates. Patent litigation, with or without merit, is time-consuming and costly and may significantly impact the Corporation's financial condition and results of operations, even if the Corporation prevails. In addition, the Corporation could incur substantial costs in defending suits brought against it on patents the Corporation might infringe upon or in filing suits against others to have such patents declared invalid.

### *Regulatory Process*

A serious risk assumed by all early-stage biotechnology companies, including the Corporation, rests in the regulatory process imposed by the FDA or Health Canada on any new therapy targeted for human use. Novel therapies have to pass very rigorous safety and efficacy assessments. The Corporation cannot offer any guarantees that all or any of its products will meet all regulatory requirements within a reasonable period of time, if at all. Data obtained from pre-clinical or clinical testing is susceptible to varying interpretations which can delay, limit, or prevent regulatory approval. The approval of new pharmaceutical products is expensive and can be a multi-year process in which success is predicated on demonstrating that the candidate vaccine is safe and effective.

To obtain marketing approval, US and Canadian laws require:

- controlled research and product testing;
- establishment of the safety and efficacy of the product for each use sought;
- government review and approval of a submission containing manufacturing, pre-clinical and clinical data;
- adherence to Good Manufacturing Practice Regulations during production and storage; and
- control of marketing activities, including advertising and labeling.

The product candidates the Corporation currently has under development will require significant development, pre-clinical and clinical testing and investment of significant funds before their commercialization. Some products will require the completion of post-market studies. There can be no assurance that such products will be developed or commercialized. The process of completing clinical testing and obtaining required approvals is likely to take a number of years and require the use of substantial resources. If the Corporation fails to obtain regulatory approvals, its operations will be materially adversely affected. Further, there can be no assurance that future products will be shown to be safe and effective in clinical trials or receive applicable regulatory approvals.

If regulatory approval to sell any of the Corporation's products is received, regulatory agencies may, nevertheless, limit the categories of patients who can use them. In addition, regulatory agencies subject a marketed product, its manufacture and the manufacturer's facilities to continual review and periodic inspection. If previously unknown problems with a product candidate or manufacturing and laboratory facility are discovered or the Corporation fails to comply with applicable regulatory approval requirements, a regulatory agency may impose restrictions on that product or on the Corporation. The agency may require the withdrawal of the product from the market, closure of the facility or enforcement of substantial fines.

Other markets have regulations and restrictions similar to those in the US and Canada.

### *Dependence on Key Personnel*

The Corporation's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Corporation is dependent on the services of its senior management team. The loss of any of the members of the Corporation's senior management team could have a material adverse effect on the Corporation's results of operations, business and prospects. The Corporation's future success also depends, to a significant extent, on its ability to attract and retain talented personnel. Recruiting and retaining talented personnel, particularly those with the expertise required for the Corporation's business is vital to the Corporation's success and may prove difficult.

### *Financing Costs*

The cost of taking a novel pharmaceutical product through the clinical trial process may be prohibitive for small biotechnology companies; however, some companies go ahead with this process in order to develop a commercial product entirely on their own. This strategy often leads to the demise of such small biotechnology ventures as they do not have the funds necessary to complete the trials and begin profiting from product sales. If such companies start looking for an industry partner in the later stages of the clinical trial process, they may not find one in time to recover enough costs to continue operations. There is no assurance that the Corporation will have sufficient funds or find an industry partner to complete the clinical trials necessary to get a product on the market.

### *Dependence on Third Parties*

Due to the complexity of the process of developing biopharmaceutical products, the Corporation's business will depend on arrangements with pharmaceutical companies, corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, technology rights, manufacturing, marketing and commercialization of its products. The Corporation's license agreements could obligate it to diligently bring potential products to market, make milestone payments and royalties that, in some instances, could be substantial, and incur the costs of filing and prosecuting patent applications. There can be no assurance that the Corporation will be able to establish or maintain collaborations that are important to its business on favorable terms, or at all.

A number of risks arise from the Corporation's dependence on collaborative agreements with third parties. For example, the Corporation is dependent upon the efforts of Pfizer to develop certain products in the animal health market using the Corporation's technology. Product development and commercialization efforts could be adversely affected if Pfizer or any other collaborative partner terminates or suspends its agreement with the Corporation, causes delays, fails to on a timely basis develop or manufacture in adequate quantities a substance needed in order to conduct clinical trials, fails to adequately perform clinical trials, determines not to develop, manufacture or commercialize a product to which it has rights, or otherwise fails to meet its contractual obligations. The Corporation's collaborative partners, including Pfizer, could pursue other technologies or develop alternative products that could compete with the products the Corporation is developing.

Disagreements with third party collaborators could develop over rights to the Corporation's intellectual property. The resolution of such conflicts and disagreements may affect ownership of intellectual property to which the Corporation believes it is entitled. In addition, any disagreements or conflicts with the Corporation's collaborators could reduce its ability to obtain future collaboration agreements and negatively impact its relationship with existing collaborators. Such a conflict or disagreement could also lead to delays in collaborative research, development, regulatory approval, or commercialization of the Corporation's products or could require or result in litigation or arbitration, which would be time consuming, expensive, and could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

### *Commercial Manufacturing*

Although the Corporation has manufactured, to date, commercial-scale vaccine batches at a contract manufacturing facility for the purposes of its ongoing clinical trials, the Corporation has no experience manufacturing commercial quantities of a product and does not currently have the resources to commercially manufacture any products that the Corporation may develop. Accordingly, if the Corporation becomes successful in developing any product with

commercial potential, the Corporation would be required to either develop the facilities to manufacture independently or secure the services of a contract manufacturer. If the Corporation is unable to develop such facilities or enter into any such arrangement on favorable terms, or at all; the Corporation may be unable to compete effectively in the marketplace. In addition, if the Corporation is unable to manufacture or enter into a contract for sufficient supply of products on acceptable terms or if delays or difficulties are encountered in its relationship with manufacturers or collaborators; clinical testing or product sales could be delayed, thereby delaying the submission of products for regulatory approvals or market introduction and subsequent sales of such products.

### *Competition*

Competition within the biotechnology and pharmaceutical industry is intense and is expected to increase in the future. The Corporation's principal competitors have longer operating histories and greater financial, technical and marketing resources than the Corporation. The introduction of new products similar to those being developed by the Corporation by such competitors could materially adversely affect the Corporation's business, financial results and financial market performance. There can be no assurance that the Corporation will be able to respond effectively, or in a timely manner, to the various competitive factors affecting its industry. See "Competition" under the "Description of Business" heading for more details.

Competitors may succeed in:

- identifying important vaccines or vaccine delivery systems before the Corporation;
- developing products or product candidates earlier than the Corporation;
- forming collaborations before or precluding the Corporation from forming collaborations with others;
- obtaining approvals from the FDA or other regulatory agencies for such products more rapidly than the Corporation;
- developing and validating manufacturing processes more rapidly than the Corporation;
- obtaining patent protection to other intellectual property rights that would limit or preclude the Corporation's ability to use its technologies or develop products; or
- developing products that are safer or more effective than those the Corporation develops or proposes to develop.

While the Corporation seeks to expand its technological capabilities to remain competitive, research and development by others may render its technology or product candidates obsolete or noncompetitive or result in products superior to its products.

### *Changes in Technology and Industry Standards*

The pharmaceutical drug development industry is susceptible to technological advances and the introduction of new technologies. Further, this industry is also subject to changing industry standards, market trends and customer preferences and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Corporation will depend, in part, on its ability to secure technological superiority in its products and operations and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product offerings of the Corporation will not be required in order to meet demands or to make changes necessitated by developments made by competitors that might render services and operations of the Corporation less competitive. The future success of the Corporation will be influenced by its ability to continue to adapt its products. Although the Corporation has committed resources to research and develop its products, there can be no assurance that these efforts will be successful.

### *Product Liability, Recall and Insurance*

Drug development involves the testing of approved and experimental drugs on human subjects. Such studies create a risk of liability for personal injury or death to participants as a result of an unexpected adverse reaction to the tested drug or as a result of negligence or misconduct. Furthermore, the administration of drugs to humans after marketing clearance is obtained can result in product liability claims. If any of the Corporation's products prove defective, the Corporation may be required to recall such products. A product recall may cause the Corporation to incur significant expenses, disrupt sales and adversely affect the reputation of the Corporation and its products, which could adversely impact its revenue, operating results and profitability. Although the Corporation intends to carry insurance that it believes is adequate for the types of clinical studies it conducts, there can be no assurance that insurance will be adequate or will be available or continue to be available on terms acceptable to the Corporation. Any liability claim may not be covered by adequate insurance. Insurance will generally not protect the Corporation against certain of its own actions such as negligence.

### *Market Acceptance*

The product candidates that the Corporation will try to develop will compete with a number of drugs and therapies currently on the market, as well as products currently under development. The rate and degree of market acceptance of the products will depend on a number of factors, including the establishment and demonstration in the medical community of the clinical efficacy and safety of the Corporation's products and their potential advantage over alternative treatments. There is no assurance that physicians, patients or the medical community in general will accept and utilize any products that the Corporation may be developing.

### *Product Costs to End Users*

The Corporation's ability to successfully commercialize human therapeutic products may depend in part on reimbursement for the cost of such products and related treatments from government health administration authorities, private health coverage insurers and other organizations. Third-party payers are increasingly challenging the price of medical products and services. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products and adequate third-party coverage may not be available to establish price levels sufficient for the Corporation to realize an appropriate return on its investment in product development.

In addition, even if the Corporation develops safe and effective products and obtains the necessary regulatory approvals for their commercialization, this process may take several years. By the time this occurs, there is a risk that any such products will not be economical to market at prices that will allow the Corporation to achieve profitability as a result of the costs to manufacture these products. Also there is a risk the materials and supplies required to manufacture the products may not be available on terms which would make it economical to market the products or result in the products developed by the Corporation being marketable at prices that would prevent the market acceptance or penetration of those products.

### *Liquidity and Volatility of Share Price*

No assurance can be given regarding the liquidity of the public market for the common shares. The market price of the common shares could be subject to wide fluctuations in response to variations in operating results of the Corporation, its ability to execute its business plan, competition and other events or factors outside of the Corporation's control.

### *Stress in the Global Economy*

Reduction of available credit, combined with reduced economic activity and the fluctuations in the US dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Corporation is dependent upon the capital markets to raise financing. Any of these events, or any other events

caused by turmoil in world financial markets, may have a material adverse effect on the Corporation's business, operating results, and financial condition.

#### *Current Global Financial Condition*

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by the world-wide economic, debt, lending and liquidity problems that began in 2007, and continue, in terms of effect, through to early 2012. As such, the Corporation is subject to counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to:

- through financial institutions that hold the Corporation's cash;
- through companies that have payables to the Corporation; and
- through the Corporation's insurance providers.

The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's operations could be materially adversely affected and the trading price of the Common Shares could be materially adversely affected.

### **Risk Factors related to Securities offered under this Prospectus**

#### *Immediate Dilution*

Purchasers who purchase Securities offered pursuant to this Prospectus may pay more for their Securities than the amounts paid by existing shareholders or securityholders of the Corporation for their Securities. As a result, such purchasers may incur immediate and substantial dilution. Convertible securities have been issued and may be issued in the future by the Corporation at a lower price than the current market value of the common shares, consequently, purchasers who purchase Securities under this Prospectus may incur substantial dilution in the near future.

#### *Negative Effect on Market Price of Issuances under this Prospectus*

Subject to market conditions and the Corporation's capital needs, the Corporation may again seek to use any remaining availability under this Prospectus by making an offering of Securities covered for sale under this Prospectus. In addition, the Corporation may amend this Prospectus or file a new prospectus to increase its potential access to capital. The addition of these Securities into the market will be dilutive to existing shareholders and may have an adverse effect on the market price of the common shares.

#### *Broad discretion of the Corporation in the use of the net proceeds from the Securities offered under this Prospectus*

Management of the Corporation will have broad discretion in the application of the net proceeds from the Securities offered under this Prospectus and could spend the proceeds in ways that do not improve the Corporation's results of operations or enhance the value of the common shares. The failure by the management of the Corporation to apply these funds effectively could result in financial losses that could have a material adverse effect on the Corporation's business, cause the price of the common shares to decline and delay the development of the Corporation's product candidates. Pending their use, the Corporation may invest the net proceeds from the Securities offered under this Prospectus in a manner that does not produce income or that loses value.

#### *Volatility of Share Price*

Market prices for securities in general tend to fluctuate. In addition to general securities market conditions, factors such as the announcement of scientific or technological innovations, new drugs, products, patents, the obtaining of

exclusive rights by the Corporation or other companies, a change in regulations, publications, quarterly financial results, public concerns, future sales of common shares by the Corporation or current shareholders, the realization of any of the risks described herein and many other factors could have considerable repercussions on the price of the common shares.

#### *Future Sales of Common Shares*

The market price of the common shares could decline as a result of issuances by the Corporation or sales by its existing shareholders of common shares in the market after an offering made under this Prospectus, or the perception that these sales could occur. Sales by shareholders might also make it more difficult for the Corporation to sell equity securities at a time and price that it deems appropriate. As of the date hereof, without taking into account any Securities that may be issued under this Prospectus, Immunovaccine has a total of 63,505,152 common shares issued and outstanding. In addition, any Preferred Shares issued by the Corporation may have rights superior to those of the common shares.

#### *Dividends*

The Corporation has paid no cash dividends on any of its common shares to date and currently intends to retain its future earnings, if any, to fund the development growth of its businesses. In addition, the terms of any future debt or credit facility may preclude the Corporation from paying any dividends unless certain consents are obtained and certain conditions are met.

#### *Market for the Securities*

There is currently no market through which the Securities, other than the Common Shares, may be sold and purchasers may not be able to resell the Securities purchased under this Prospectus and the Warrants and Units will not be listed on any securities or stock exchange or any automated dealer quotation system. This may affect the pricing of the Securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Common Shares, will develop or, if developed, that any such market will be sustained.

### **CERTAIN INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplements may describe certain Canadian federal income tax consequences to a purchaser who is a non-resident of Canada or to a purchaser who is a resident of Canada of acquiring, owning and disposing of any of Immunovaccine's securities offered thereunder.

### **LEGAL MATTERS**

Certain Canadian legal matters relating to the offering of Securities under this Prospectus will be passed upon by McCarthy Tétrault LLP. As of the date hereof, the partners and associates of McCarthy Tétrault LLP beneficially owned, directly or indirectly, less than 1% of the outstanding common shares of the Corporation or any of its associates or affiliates.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are PricewaterhouseCoopers LLP, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, B3J 3P6, Canada, who advise that they are independent of the Corporation within the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

The transfer agent and registrar for the common shares of the Corporation is Computershare Investor Services Inc., at its principal offices located at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or Suite 2008, Purdy's Wharf Tower II, 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a Prospectus, the accompanying Prospectus Supplements and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the Prospectus, the accompanying Prospectus Supplements or any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## AUDITOR'S CONSENT

We have read the short form base shelf prospectus of Immunovaccine Inc. (the "**Corporation**") dated August ●, 2012 (the "**Prospectus**") relating to the offer and issue of preferred shares or common shares of its share capital, or subscription receipts, warrants to purchase Common Shares or units comprised of one or more of the other securities described in this Prospectus in any combination in one or more offerings of up to \$10,000,000 (or the equivalent in foreign currencies). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form base shelf prospectus of our report to the shareholders of the Corporation on the consolidated statements of financial position of the Corporation as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated April 19, 2012.

●

CHARTERED ACCOUNTANTS  
Halifax, Nova Scotia  
August ●, 2012

**CERTIFICATE OF THE CORPORATION**

Date: August 20, 2012

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and Newfoundland and Labrador.

*(s) John J. Trizzino*

President and Chief Executive Officer

*(s) Kimberly Stephens*

Chief Financial Officer

On behalf of the Board of Directors

*(s) Albert Scardino*

Chairman of the Board

*(s) James W. Hall*

Director