

Immunovaccine Inc.

Unaudited Interim Financial Statements
June 30, 2009

November 24, 2009

NOTICE

Notice in accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a).

The accompanying unaudited interim financial statements of Immunovaccine Inc. (“Immunovaccine” or the “Company”) as at and for the three months ended June 30, 2009 and 2008 have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company.

These interim statements have not been reviewed by the external auditors of the Company.

Immunovaccine Inc.

Unaudited Interim Balance Sheet

As at June 30, 2009 and March 31, 2009

	June 30, 2009 \$	March 31, 2009 \$
Assets		
Current assets		
Cash and cash equivalents	239,941	713,872
Amounts receivable	101,878	24,423
Prepaid expenses	51,654	47,073
Investment tax credits receivable	975,113	895,113
	<hr/> 1,368,586	<hr/> 1,680,481
Property and equipment	<hr/> 351,387	<hr/> 345,749
	<hr/> 1,719,973	<hr/> 2,026,230
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	576,806	550,625
Current portion of long-term debt (note 3)	38,712	40,829
	<hr/> 615,518	<hr/> 591,454
Long-term debt (note 3)	<hr/> 5,271,013	<hr/> 4,716,521
	<hr/> 5,886,531	<hr/> 5,307,975
Shareholders' Deficiency		
Capital stock (note 4)	10,770,437	10,770,437
Contributed surplus and other (note 5)	518,217	489,400
Deficit	<hr/> (15,455,212)	<hr/> (14,541,582)
	<hr/> (4,166,558)	<hr/> (3,281,745)
	<hr/> 1,719,973	<hr/> 2,026,230

Immunovaccine Inc.

Unaudited Interim Statement of Loss, Comprehensive Loss and Deficit
For the three month periods ended June 30, 2009 and 2008

	Three months ended June 30,	
	2009	2008
	\$	\$
Expenditures		
General and administrative	310,414	321,685
Research and development	552,792	481,940
Product development	43,814	16,373
Business development	57,793	57,496
Stock-based compensation	28,817	11,050
	<hr/>	<hr/>
Loss before the following	993,630	888,554
Investment tax credits	(80,000)	(74,750)
	<hr/>	<hr/>
Net loss and comprehensive loss for the period	(913,630)	(813,794)
Deficit – Beginning of period	(14,541,582)	(10,809,338)
	<hr/>	<hr/>
Deficit – End of period	(15,455,212)	(11,623,132)
	<hr/>	<hr/>
Basis and diluted loss per share	(0.03)	(0.03)
Weighted-average shares outstanding	30,601,110	28,780,187

Immunovaccine Inc.

Unaudited Interim Statement of Cash Flows

For the three month periods ended June 30, 2009 and 2008

	Three months ended June 30,	
	2009	2008
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the period	(913,630)	(813,794)
Charges to operations not involving cash		
Amortization	18,791	21,052
Stock-based compensation	28,817	11,050
	<u>(866,022)</u>	<u>(781,692)</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable	(77,455)	(62,180)
Decrease (increase) in prepaid expenses	(4,581)	101,613
Decrease (increase) in investment tax credits receivable	(80,000)	(74,750)
Increase (decrease) in accounts payable and accrued liabilities	26,181	34,677
	<u>(1,001,877)</u>	<u>(782,332)</u>
Financing activities		
Repayment of demand loans	(9,678)	–
Proceeds from issuance of capital stock, net of issuance costs	–	1,361,609
Proceeds from long-term debt	562,053	3,263
Repayment of obligation under capital lease	–	(1,278)
	<u>552,375</u>	<u>1,363,594</u>
Investing activities		
Acquisition of property and equipment	<u>(24,429)</u>	<u>(8,309)</u>
Net change in cash and cash equivalents during the period	(473,931)	572,953
Cash and cash equivalents – Beginning of period	713,872	877,599
Cash and cash equivalents – End of period	239,941	1,450,552
Cash and cash equivalents are comprised of the following:		
Cash on hand and balances (overdrafts) with banks	14,941	50,552
Short-term investments	225,000	1,400,000
	<u>239,941</u>	<u>1,450,552</u>
Supplementary cash flow information		
Income taxes paid	–	–
Interest paid	1,004	816

Immunovaccine Inc.

Notes to Unaudited Interim Financial Statements

For the period ended June 30, 2009

1 Nature of operations

Immunovaccine Inc. (formerly ImmunoVaccine Technologies Inc.) is a biotechnology company dedicated to the development of premium vaccines for therapeutic cancer and infectious diseases. Immunovaccine has patented vaccine delivery and enhancement technologies trade named VacciMax® and DepoVax™ and has a number of early stage infectious disease and cancer vaccine product candidates. The Company also partners with other companies to help them to develop human and animal vaccine candidates. Based in Halifax, Nova Scotia, Immunovaccine is listed on the TSX-V exchange - symbol IMV.

Basis of presentation

As outlined in note 7 - subsequent event, on September 30, 2009, Rhino Resources Inc. acquired 100% of the outstanding common stock of ImmunoVaccine Technologies Inc. through a reverse takeover. Rhino Resources Inc. then changed its name to Immunovaccine Inc. These unaudited interim financial statements represent the results of ImmunoVaccine Technologies Inc., the reverse takeover acquirer, for the pre-reverse takeover periods from April 1 to June 30, 2009 and 2008, respectively.

2 Significant accounting policies

These interim financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") with respect to the preparation of interim statements. Accordingly, the disclosures in these statements do not conform in all respects to the requirements of GAAP for annual financial statements. Except as set out below, these unaudited interim statements were prepared using the same accounting policies as were used for the financial statements for the year ended March 31, 2009 and should be read in conjunction with the 2009 audited annual financial statements of ImmunoVaccine Technologies Inc. as filed in the Company's information circular on August 28, 2009.

Change in accounting policy

Effective April 1, 2009, the Company adopted CICA Section 3064 – *Goodwill and Other Intangible Assets*. This Section replaces Section 3062 – *Goodwill and Other Intangible Assets*. This new Section establishes standards for the recognition, measurement and disclosure of goodwill and other intangible assets. The adoption of this Section had no material impact on the Company's interim financial statements.

Future accounting changes

Section 1601 – Consolidated Financial Statements - This Section replaces the former Section 1600 – *Consolidated Financial Statements*. The Company will begin application of this standard effective April 1, 2011. The Company does not currently have any subsidiaries, so there is no impact on its financial statements at this time.

International Financial Reporting Standards (IFRS) - In February 2008, the Canadian Accounting Standards Board announced that GAAP for publically accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. As such, the Company will be required to prepare its financial statements including comparative information in compliance with IFRS for periods ending after January 1, 2011. The Company is currently assessing the potential impact of the transition to IFRS on its financial statements, disclosure and broader financial reporting systems and controls.

Immunovaccine Inc.

Notes to Unaudited Interim Financial Statements For the period ended June 30, 2009

3 Long-term debt

	June 30, 2009 \$	March 31, 2009 \$
ACOA Atlantic Innovation Fund interest-free loan with a maximum contribution of \$3,786,474. Annual principal repayments, commencing December 1, 2008 are calculated as a percentage of gross revenue for the preceding fiscal year, at 2% when gross revenues are less than \$5,000,000 and 10% when gross revenues are greater than \$5,000,000	3,781,578	3,781,578
ACOA Marketing interest-free loan repayable in 60 equal monthly payments of \$3,226 beginning November 1, 2008	167,747	177,425
ACOA Atlantic Innovation Fund interest-free loan with a maximum contribution of \$3,000,000. Annual principal repayments, commencing December 1, 2011 are calculated as a percentage of gross revenue, 5% for the first 5-year period and 10% thereafter	1,230,299	713,244
ACOA Business Development Program interest-free loan payable in 72 equal monthly payments of \$1,182 beginning September 1, 2010	130,101	85,103
	<hr/> 5,309,725	<hr/> 4,757,350
Less: Current portion	38,712	40,829
	<hr/> 5,271,013	<hr/> 4,716,521

Certain ACOA loans require approval by ACOA before the Company can pay management fees, bonuses, dividends or other distributions.

The minimum annual principal repayments of long-term debt over the next five years, excluding the Atlantic Innovation Fund repayments for 2011 and beyond which are not determinable at this time, are as follows:

	\$
Year ending June 30, 2010	38,712
2011	50,532
2012	52,896
2013	52,896
2014	26,810

Immunovaccine Inc.

Notes to Unaudited Interim Financial Statements For the period ended June 30, 2009

4 Capital stock

Authorized

500,000,000 common shares with no par value

	Number	Amount \$
Issued and outstanding		
Balance – March 31, 2008	28,776,625	9,253,847
Issued for cash consideration, net of issue costs	1,468,000	1,396,321
Issued in lieu of professional fees	34,281	34,281
Stock options exercised	319,956	85,988
	<hr/>	<hr/>
Balance – March 31, 2009	30,598,862	10,770,437
Issued in lieu of professional fees	2,248	–
	<hr/>	<hr/>
Balance – June 30, 2009	30,601,110	10,770,437
	<hr/>	<hr/>

5 Contributed surplus and other

	June 30, 2009 \$	March 31, 2009 \$
Contributed surplus (note 5 (a) and (b))		
Balance, beginning of period	526,900	267,700
Stock-based compensation – stock options vested	28,817	44,200
Stock-based compensation – modification of existing options	–	215,000
	<hr/>	<hr/>
	555,717	526,900
Employee share purchase loans receivable (note 5 (b))	<hr/>	<hr/>
	(37,500)	(37,500)
Total contributed surplus and other	<hr/>	<hr/>
	518,217	489,400

a) Stock options

The Board of Directors of the Company has established a stock option plan (the "Plan") under which options to acquire common shares of the Company are granted to directors, employees and other advisors of the Company. The maximum number of common shares issuable under the Plan shall not exceed twenty percent (20%) of the issued common shares of the Company, inclusive of all shares presently reserved for issuance pursuant to previously granted stock options. Stock options are granted with an exercise price determined by the Board of Directors, which is not less than the market price of the shares on the day preceding the award. The term of the option is determined by the Board of Directors, not to exceed ten years from the date of grant. The vesting of the options is determined by the Board and is typically 33 1/3% every six months after the date of grant.

During the three months ended June 30, 2009, nil (2008 - nil) stock options were granted to employees.

Immunovaccine Inc.

Notes to Unaudited Interim Financial Statements For the period ended June 30, 2009

5 Contributed surplus and other (continued)

a) Stock options (continued)

Option activity for the periods ended March 31 and June 30, 2009 was as follows:

	Number of shares under option	Weighted average exercise price \$
Balance – March 31, 2008	2,742,915	0.49
Granted	384,400	1.00
Exercised	(319,956)	0.27
Forfeited	(91,922)	0.28
Balance – March 31 and June 30, 2009	<u>2,715,437</u>	0.59

At June 30, 2009, the following options were outstanding:

Opening	Issued	Exercised	Expired	Closing	Exercisable	Weighted average exercise price per share \$	Expiry	Weighted average remaining contracted life (years)
170,754	–	–	–	170,754	170,754	0.28	December 31, 2013	4.51
277,500	–	–	–	277,500	277,500	0.28	March 31, 2014	4.75
82,500	–	–	–	82,500	82,500	0.28	April 30, 2014	4.83
67,500	–	–	–	67,500	67,500	0.28	August 31, 2014	5.17
67,500	–	–	–	67,500	67,500	0.28	December 31, 2014	5.50
299,783	–	–	–	299,783	299,783	0.28	March 31, 2015	5.75
296,250	–	–	–	296,250	296,250	0.20	March 31, 2015	5.75
110,250	–	–	–	110,250	110,250	0.67	March 31, 2016	6.75
7,500	–	–	–	7,500	7,500	0.67	July 1, 2016	7.01
300,000	–	–	–	300,000	300,000	0.67	December 1, 2016	7.43
120,000	–	–	–	120,000	120,000	0.67	January 1, 2017	7.50
185,000	–	–	–	185,000	185,000	1.00	March 31, 2017	7.75
10,000	–	–	–	10,000	10,000	1.00	July 1, 2017	8.00
336,500	–	–	–	336,500	224,333	1.00	March 31, 2018	8.75
384,400	–	–	–	384,400	–	1.00	March 31, 2019	9.75
<u>2,715,437</u>	–	–	–	<u>2,715,437</u>	<u>2,218,870</u>	0.59		6.82

b) Employee share purchase loans

During the year ended March 31, 2006, the Company issued a \$37,500 loan to an employee to acquire shares utilizing stock options held by the employee. The loan is interest-free and is secured by the Company shares which the funds were used to purchase. The loan is repayable on December 31, 2009. Under Canadian GAAP, such a share purchase loan is presented as a deduction from shareholders' equity until repaid.

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Notes to Unaudited Interim Financial Statements

For the period ended June 30, 2009

5 Contributed surplus and other (continued)

c) Warrants

Prior to the year ended March 31, 2007, the Company issued warrants in connection with debt and equity financing. The warrants outstanding at year-end provide the holders with the rights to acquire 1.5 common shares for each warrant held upon payment by the holder of \$1.75 per Class A warrant. The warrants outstanding at June 30 are as follows:

March 31, 2009 Opening	Issued	Exercised	Expired	June 30, 2009 Closing	Exercise price per warrant \$	Expiry
Class A						
52,000	—	—	—	52,000	1.75	August 2009
93,143	—	—	—	93,143	1.75	November 2009
145,143	—	—	—	145,143		

6 Related party transaction

During the three months ended to June 30, 2009, the Company was charged \$36,525 (2008 - \$40,163) for legal services from law firms in which certain shareholders are principals.

7 Subsequent event

On June 8, 2009, ImmunoVaccine Technologies Inc. (“IVT”) and Rhino Resources Inc. (“Rhino”) announced that they had entered into a binding term sheet effective June 1, 2009 for Rhino’s non-arm’s length acquisition of IVT. The transaction closed on September 30, 2009 and took the form of a share exchange whereby Rhino acquired all of the issued and outstanding common shares of IVT in consideration for common shares of Rhino. Prior to closing, the Rhino shares were consolidated on the basis of one new share for each existing five Rhino shares, and then each existing share of the IVT was exchanged for one new common share of Rhino. Upon closing, Rhino also changed its name to Immunovaccine Inc. (“IMV”)

In connection with this transaction, 6,230,399 shares of IVT were issued as part of a brokered private placement at a price of \$0.70 per share for gross proceeds of \$4,361,279, and 5,582,614 shares of IVT were issued as part of a non-brokered private placement at a price of \$0.70 per share for gross proceeds of \$3,907,830. The agents received an 8% cash commission and agent warrants equal to 8% of the number of shares sold to individuals not currently shareholders of IVT, with each agent warrant entitling the holder to acquire one new common share of IMV at a price of \$0.70 per share for a period of 12 months from closing.

As the former shareholders of IVT own approximately 95% of Rhino following the exchange of shares, the transaction will be accounted for as a reverse takeover of Rhino by IVT. Following the transaction, it is not expected that any one individual will hold more than 10% of the common shares of the resulting issuer, and the operations of IMV are not expected to be altered significantly based on this transaction.

Immunovaccine Inc.

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8 Comparative figures

Certain of the prior year comparative figures have been re-classified to conform with current year's presentation.

