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Immunovaccine Announces 2015 Year-End Results

HALIFAX, NOVA SCOTIA -- (Marketwired) -- 03/29/16 -- Immunovaccine Inc. (TSX:IMV) (OTCQX:IMMVF), a clinical stage vaccine and immunotherapy company, today announced its financial and operational results for the year ended December 31, 2015.

"In 2015, we added significant value to our pipeline. We made progress across three important aspects of our business: in immuno-oncology, in infectious disease, and through advancing corporate milestones," said Albert Scardino, Chairman, Board of Directors at Immunovaccine. "This three-pronged approach yielded an important series of firsts, including:

- Our first combination clinical study with DPX-Survivac and an immune modulator through our collaboration with Incyte Corporation (NASDAQ:INCY);
- The first patient with diffuse large B cell lymphoma (DLBCL) treated in our first Phase 2 clinical study in oncology;
- Our first DepoVax™ licensing agreement in infectious diseases (with a value of USD $50 million); and
- The first clinical use of DepoVax™ for the prevention of an infectious disease through our respiratory syncytial virus (RSV) program."

Acting Chief Executive Officer Frederic Ors added: "During 2015, we significantly expanded the potential market applications and value of our platform. We accomplished this through strategic partnerships and new indications for our DepoVax™-based portfolio.

"We began an exciting collaboration to evaluate DPX-Survivac and Incyte Corporation's epacadostat (INCB24360) in patients with recurrent ovarian cancer. This combination leverages two promising classes of immune-based therapies with clinical data to support their anti-tumor activity. This treatment approach may lead to better options for addressing the high unmet need in ovarian cancer," he said.

"Furthermore, we also bolstered our oncology program with positive Phase 2 data with our lead cancer immunotherapy, DPX-Survivac, in a particular form of lymphoma, known as DLBCL.

"Our recurrent lymphoma and ovarian cancer trials have given similar results in generating anti-cancer responses. We believe this trend shows the broad applicability and market potential of DPX-Survivac in targeting survivin, which is present in more than 20 types of solid tumor and hematologic cancers," continued Mr. Ors. "We will continue to evaluate DPX-Survivac in combination with other best-in-class immune agents. We are also exploring the synergies we have seen with checkpoint inhibitors, such as anti-PD-1 agents."

During 2015, Immunovaccine also steadily advanced its infectious disease pipeline. "We

achieved the key milestone of obtaining preliminary Phase 1 data for our DPX-RSV vaccine, that showed it generated an immune response and was well tolerated," said Mr. Ors. "Today, no approved vaccine exists for the prevention of RSV despite its global prevalence and the World Health Organization's recognition of the virus as a high priority vaccine target. Thus, there is significant unmet medical need and a large potential market."

Immunovaccine also signed an exclusive agreement with PharmAthene to develop and commercialize a single-dose DepoVax™ anthrax vaccine. Under the terms of the agreement, worth up to USD $50 million (CAN $65 million), PharmAthene will work exclusively with Immunovaccine to develop an adjuvanted non-alum based rPA vaccine. In return, Immunovaccine has granted PharmAthene exclusive worldwide rights to use DepoVax™ for the development and commercialization of the novel single dose anthrax vaccine.

"This agreement adds value to the Immunovaccine pipeline. It is an example of how we intend to accelerate deployment of the DepoVax™ platform across multiple vaccine applications through strategic licensing deals," said Mr. Ors.

"Immunovaccine also recently joined the global mission to address the Zika virus and achieved notable corporate developments in 2015," stated Mr. Scardino. Recent corporate milestones include the start of trading on the OTCQX® Best Marketplace in the United States, adding Mr. Ors as the first Chief Business Officer, and then naming Mr. Ors acting Chief Executive Officer after the resignation of the CEO Dr. Marc Mansour.

Highlights of 2015 and First Quarter of 2016

- ***Ovarian Cancer: DPX-Survivac*** - Immunovaccine entered into a strategic collaboration with Incyte to evaluate the combination of DPX-Survivac with Incyte's IDO1 Inhibitor Epacadostat (INCB24360) in recurrent ovarian cancer. Immunovaccine later announced that the U.S. Food & Drug Administration (FDA) and Health Canada gave clearance for initiation of a Phase 1b clinical trial, which should begin enrolling patients during second quarter of 2016.

  This collaboration follows positive Phase 1 results published in *Oncoimmunology,* which showed that DPX-Survivac alone combined with cyclophosphamide provided a strong anti-cancer immune response in patients with high-risk ovarian cancer. Participants in the trial showed that this combination was generally well tolerated with no significant adverse events.

  Based in part on these findings, the FDA provided orphan drug status for all applications of DPX-Survivac in the treatment of ovarian cancer without restriction to a specific stage of disease.

- ***Lymphoma: DPX-Survivac*** - Immunovaccine obtained early positive data from a recently initiated Phase 2 clinical trial combining DPX-Survivac with low dose cyclophosphamide in patients with DLBCL. These data indicate an immune response within the tumors and the potential to provide a clinical benefit in some cancer patients. Furthermore, the data suggest that combining DPX-Survivac, a T-cell activating therapy, with immune modulating agents can achieve a robust clinical response

- ***Cancer: DPX-Survivac/Anti-PD-1 Synergies*** - Additional analyses of tumors collected from vaccinated patients in the Phase 2 DLBCL trial indicated that DPX-Survivac may have an increased effect when combined with checkpoint inhibitors, including anti-PD-1 agents. These findings further support data that Immunovaccine presented at AACR 2015, which highlighted increased anti-tumor efficacy of DepoVax™-based vaccines when combined with anti-PD-1 monoclonal antibodies. In multiple animal models, the anti-tumor activity was stronger than the results seen in the anti-PD-1 therapy alone.

- ***Infectious Diseases: Respiratory Syncytial Virus*** - The Phase 1 clinical trial initiated in early 2015 represents the first clinical use of a DepoVax™-based vaccine for the prevention of an infectious disease. Global estimates indicate that 64 million cases of RSV infection occur annually, with 160,000 deaths. Importantly, no vaccine exists on the market today for the prevention of RSV and the WHO has designated RSV as a high-priority target for vaccine development.

  Early positive data indicate that DPX-RSV was well tolerated in the Phase 1 study's first cohort. This important regulatory milestone provides the first safety profile of the DepoVax™-based vaccines for infectious diseases. Based on the safety and immunogenicity demonstrated in the study, Health Canada's Safety Review Committee ("SRC") allowed the program to proceed to the next step: vaccinating volunteers with DPX-RSV at a higher dose.

- ***Infectious Diseases: Anthrax*** - Immunovaccine entered into an exclusive worldwide license agreement with PharmAthene to develop and commercialize an anthrax vaccine formulated in DepoVax™. Under the terms of the USD $50 million deal, PharmAthene will work exclusively with Immunovaccine to develop an adjuvanted non-alum based rPA vaccine. In return, Immunovaccine granted PharmAthene exclusive worldwide rights to use DepoVax™ to develop and commercialize a novel single dose anthrax vaccine. Currently available vaccines require multiple doses at specific intervals.

  This agreement follows positive data from a preclinical study led by the National Institutes of Health (NIH). Here, a single-dose DepoVax™-based vaccine provided early protection against anthrax.

- ***Infectious Diseases: Zika Virus -*** Immunovaccine began a research project towards development of a vaccine formulated in its DepoVax™ platform against the mosquito-borne Zika virus and infection. The Zika virus may be linked to neurological birth defects in infants.

- ***Corporate Updates*** - In the second quarter, Immunovaccine began trading on the OTCQX® Best Marketplace in the United States under the symbol IMMVF. In addition, the company named Frederic Ors as its first Chief Business Officer. In March of 2016, Dr. Marc Mansour announced his resignation as CEO and resigned from the Board of Directors. Frederic Ors is acting CEO while the board conducts a candidate search to name a permanent replacement.

Annual Financial Results

The company prepares its audited annual consolidated financial statements in accordance with Canadian generally accepted accounting principles as established in the Handbook of the Canadian Institute of Chartered Accountants - Part I ("CICA Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The net loss and comprehensive loss of $8,775,000 for the year ended December 31, 2015 was $2,207,000 higher than the net loss and comprehensive loss during the year ended December 31, 2014. This relates mainly to the $1,026,000 research and development (R&D) costs, an $884,000 in general and administration (G&A) expenses, an increase of $278,000 in business development expenses, and a $149,000 increase in accreted interest, offset by a decrease of $130,000 in revenue.

At December 31, 2015, the company had cash and cash equivalents of $3,842,000 and working capital of $3,283,000, compared to $10,662,000 and $10,456,000, respectively at December 31, 2014. For the year ended December 31, 2015, the company's annual quarterly "cash burn rate" (defined as net loss for the period adjusted for non-cash transactions including amortization, depreciation, accretion of long-term debt, and stock-based compensation) was approximately $1.87 million. The company forecasts the cash burn rate to be between $1.4 million to $1.9 million per quarter over the next twelve months.

As of March 29, 2016, the number of issued and outstanding common shares of the company was 92,075,670. As of March 29, 2016, the number of outstanding stock options was 6,437,249.

The company's audited annual consolidated financial statements for 2015, filed in accordance with IFRS, and the management discussion and analysis (MD&A), are available at www.sedar.com.

About Immunovaccine

Immunovaccine Inc. develops cancer immunotherapies and infectious disease vaccines based on its DepoVax™ platform, a patented formulation that provides controlled and prolonged exposure of antigens and adjuvant to the immune system. Immunovaccine has advanced two T cell activation therapies for cancer through Phase 1 human clinical trials. The company is currently conducting a Phase 2 study with its lead cancer vaccine therapy, DPX-Survivac, in recurrent lymphoma. DPX-Survivac is expected to enter additional Phase 2 clinical studies in ovarian cancer and glioblastoma (brain cancer). In collaboration with commercial and academic partners, Immunovaccine is also expanding the application of DepoVax™ as an adjuvanting platform for vaccines targeted against infectious diseases. Immunovaccine's goal in infectious diseases is to out-license its DepoVax™ platform to partners to generate earlier revenues. Connect at www.imvaccine.com

Immunovaccine Forward-Looking Statements

This press release contains forward-looking information under applicable securities law. All information that addresses activities or developments that we expect to occur in the future is forward-looking information. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made. However, they should not be regarded as a representation that any of the plans will be achieved. Actual results may differ

materially from those set forth in this press release due to risks affecting the company, including access to capital, the successful completion of clinical trials and receipt of all regulatory approvals. Immunovaccine Inc. assumes no responsibility to update forward-looking statements in this press release except as required by law.

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