

**BIOCURE TECHNOLOGY INC**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

**(Expressed in Canadian Dollars)**  
**(unaudited)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**Biocure Technology Inc.**

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2020 and December 31, 2019

(unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 319,119	\$ 132,439
Receivables	4	36,157	88,623
Prepaid expenses	5	1,784	1,768
Inventory	6	11,800	11,541
		<u>368,860</u>	<u>234,371</u>
<b>Non-current</b>			
Equipment	7	102,254	107,424
Intangible asset		1,630	1,633
Deposits	5	44,056	42,580
Investments in KWULP and KWUC	3	1,967,322	1,967,354
Land deposit	8	2,298,754	2,221,734
		<u>\$ 4,782,876</u>	<u>\$ 4,575,096</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9	\$ 1,153,719	\$ 1,108,497
Loans payable	11	790,385	870,770
Severance liabilities	12	241,176	233,095
		<u>2,185,280</u>	<u>2,212,362</u>
<b>Non-current</b>			
Loan payable	13	1,549,712	1,498,500
Convertible Debenture	14	1,330,504	1,281,470
		<u>5,065,496</u>	<u>4,992,332</u>
<b>Shareholders' equity</b>			
Share capital	15	16,984,641	16,984,641
Accumulated other comprehensive loss		(585,007)	(526,630)
Reserve for stock options and warrants	16	6,256,550	6,159,079
Deficit		<u>(22,750,645)</u>	<u>(22,907,714)</u>
Total parent shareholders' equity		(94,461)	(290,624)
Non-controlling interests	17	(188,159)	(126,612)
Total shareholders' equity		<u>(282,620)</u>	<u>(417,236)</u>
		<u>\$ 4,782,876</u>	<u>\$ 4,575,096</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			

**Nature of operations and going concern** (Note 1)**Commitments** (Notes 8 and 12)**Approved on behalf of the Board on May 28, 2020:**"Sang Mok Lee"

Director

"Collin Kim"

Director

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

**Biocure Technology Inc.**

Condensed Consolidated Interim Statements of Comprehensive Loss

For the three months ended March 31,

(unaudited - Expressed in Canadian Dollars)

	Note	2020	2019
<b>EXPENSES</b>			
Amortization	7	\$ 11,036	\$ 35,042
Consulting		97,000	47,724
Director and management fees		16,648	15,000
Filing fees		6,057	9,265
General and administrative		25,731	52,768
Interest	11,13	31,489	28,979
Motor vehicle expenses		758	1,152
Payroll	10	102,209	127,986
Professional fees		42,901	1,152
Rent		21,770	23,987
Research and development		134,484	195,519
Share-based compensation	10,16	97,471	-
Supplies		3,203	5,961
Travel and entertainment		47,231	21,077
Utilities		1,340	1,727
		<u>(639,328)</u>	<u>(567,339)</u>
<b>OTHER INCOME (EXPENSES)</b>			
Foreign exchange gain (loss)		(141)	-
Loss on valuation of marketable securities		(92)	-
		<u>(233)</u>	<u>-</u>
<b>NET LOSS FOR THE YEAR</b>		<u>\$ (639,561)</u>	<u>\$ (567,339)</u>
Loss attributable to the shareholders of the Company		(618,592)	(567,339)
Loss attributable to non-controlling interest		(20,969)	-
		<u>\$ (639,561)</u>	<u>\$ (567,339)</u>
<b>OTHER COMPREHENSIVE LOSS</b>			
Foreign currency translation		(61,893)	50,106
Attributable to the shareholders of the Company		(58,377)	50,106
Attributable to non-controlling interest	17	(3,516)	-
		<u>\$ (61,893)</u>	<u>\$ 50,106</u>
<b>COMPREHENSIVE LOSS</b>		<u><b>(701,454)</b></u>	<u><b>(517,233)</b></u>
Attributable to the shareholders of the Company		(676,969)	(517,233)
Attributable to non-controlling interest	17	(24,485)	-
		<u>\$ (701,454)</u>	<u>\$ (517,233)</u>
<b>BASIC AND DILUTED LOSS PER SHARE</b>		<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING –</b>			
<b>BASIC AND DILUTED</b>		<u>96,937,001</u>	<u>96,937,001</u>

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

**Biocure Technology Inc.**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2020 and 2019

(unaudited - Expressed in Canadian Dollars)

	<b>Attributable to the shareholders of the Company</b>						
	<b>Number of Common Shares</b>	<b>Share Capital</b>	<b>Reserve For Stock Options and Warrants</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Deficit</b>	<b>Non- controlling interest</b>	<b>Total</b>
<b>December 31, 2018</b>	96,937,001	\$ 16,984,641	\$ 4,581,092	\$ (657,064)	\$ (20,007,358)	\$ -	\$ 901,311
Issuance of shares in subsidiary (Note 17)	-	1,099,992	-	-	-	-	1,099,992
Net loss	-	-	-	-	(567,339)	-	(567,339)
Foreign currency translation	-	-	-	50,106	-	-	50,106
<b>March 31, 2019</b>	96,937,001	\$ 18,084,633	\$ 4,581,092	\$ (606,958)	\$ (20,574,697)	\$ -	\$ 1,484,070
<b>December 31, 2019</b>	96,937,001	\$ 16,984,641	\$ 6,159,079	\$ (526,630)	\$ (22,907,714)	\$ (126,612)	\$ (417,236)
Issuance of shares in subsidiary (Note 17)	-	-	-	-	775,661	(37,062)	738,599
Share-based compensation (Note 16)	-	-	97,471	-	-	-	97,471
Net loss	-	-	-	-	(618,592)	(20,969)	(639,561)
Other comprehensive income	-	-	-	(58,377)	-	(3,516)	(61,893)
<b>March 31, 2020</b>	96,937,001	\$ 16,984,641	\$ 6,256,550	\$ (585,007)	\$ (22,750,645)	\$ (188,159)	\$ (282,620)

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

**Biocure Technology Inc.**

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31,

(unaudited - Expressed in Canadian Dollars)

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (639,561)	\$ (567,339)
Non-cash items:		
Amortization	11,036	35,042
Interest	12,005	14,528
Share-based compensation	97,471	-
Changes in non-cash working capital items:		
Receivable	52,466	(6,742)
Prepaid expenses and deposits	(1,492)	8,532
Inventory	(259)	2,215
Accounts payable and accrued liabilities	53,303	(468,231)
Net cash used in operating activities	<u>(415,031)</u>	<u>(981,995)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,376)	-
Payment of deposit for land purchase	-	(105,105)
Net cash used in investing activities	<u>(2,376)</u>	<u>(105,105)</u>
<b>FINANCING ACTIVITIES</b>		
Due to related parties	-	-
Proceeds from options exercised	-	-
Proceeds from subsidiary shares issued	738,599	1,099,992
Loans payable	(121,091)	-
Convertible debentures	-	-
Net cash provided by financing activities	<u>617,508</u>	<u>1,099,992</u>
<b>EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH</b>	(13,421)	45,678
<b>NET CHANGE IN CASH</b>	186,680	58,570
<b>CASH, BEGINNING OF THE YEAR</b>	<u>132,439</u>	<u>108,616</u>
<b>CASH, END OF THE PERIOD</b>	<u>\$ 319,119</u>	<u>\$ 167,186</u>

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

**Biocure Technology Inc.**

Notes to the Condensed consolidated interim financial statements  
For the three months ended March 31, 2020 and 2019  
(unaudited - Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Biocure Technology Inc. (the “Company”) was incorporated under the Business Corporation Act (British Columbia) on August 24, 2007. The Company is engaged in a mineral exploration property project through a limited partnership. The Company is also engaged in developing and commercializing several biopharmaceutical technologies relating to uses of recombinant and ranibizumab. The Company’s head office is located at Suite 300, 1055 West Hastings Street, Vancouver, BC, Canada and is trading on the Canadian Securities Exchange under the symbol CURE. On June 18, 2019, the Company began trading on OTCQB under the symbol BICTF.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2020, the Company has a working capital deficiency of \$1,816,420. The continuing operations of the Company are dependent upon its ability to raise additional capital during the next twelve months and beyond to support current operations and planned development. As at March 31, 2020, the Company has not earned significant revenue and has an accumulated deficit of \$22,750,645. The Company has material financial uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. The condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company’s financial results.

**2. SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation***Statement of compliance*

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and Interpretations of Financial Reporting Interpretations Committee (“IFRIC”).

*Basis of measurement*

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

*Functional and presentation currency*

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars.

The individual financial statements of each entity of the Company are presented in the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency of the subsidiary is South Korea Won.

**Biocure Technology Inc.**

Notes to the Condensed consolidated interim financial statements  
For the three months ended March 31, 2020 and 2019  
(unaudited - Expressed in Canadian Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES****Basis of consolidation**

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiary listed in the following table:

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Ownership</b>	<b>Principle Activities</b>
Biocurepharm Corporation (“BP Korea”)	Korea	94.32%	Biopharmaceutical

All intercompany transactions, balances, income and expense are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

**Significant estimates and assumptions**

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of investments in KWULP and KWUC, useful lives of equipment, recoverability of receivables, fair value measurement and the timing of future cash flows of financial instruments, and the measurement of deferred tax assets and liabilities.

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s accounting policies in these condensed consolidated interim financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its pharmaceutical products meet the criteria for capitalization to intangible assets. Management determined that as at March 31, 2020, it was not yet able to demonstrate with sufficient certainty that future economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

Other significant judgments in applying the Company’s accounting policies relate to the assessment of the Company’s ability to continue as a going concern (Note 1), the classification of its financial instruments and the classification of leases as either operating or finance type leases.

**Intangible assets***Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.



**Biocure Technology Inc.**

Notes to the Condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019

(unaudited - Expressed in Canadian Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Intangible assets (continued)**

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. As of March 31, 2020, the Company has not capitalized any development expenditures.

**Patent costs**

Patents for technologies that are no longer in the research phase are recorded at cost. Patent costs include legal fees to obtain patent and patent application fees. When the technology is still in the research phase, those costs are expensed as incurred.

**Equipment**

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

<b>Class of equipment</b>	<b>Rate</b>
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Testing equipment	5 years
Vehicles	5 years

**Impairment of assets**

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**Severance liability**

Severance liability expense is recognized as the employee provides service to the Company and is recorded with either the severance liability or the Company's cash contributions to the pension fund.

## **Biocure Technology Inc.**

Notes to the Condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019

(unaudited - Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Inventory**

Inventories consisting of finished goods and raw materials are measured at the lower of cost and net realizable value. The cost of inventories is based on a weighted average cost formula, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

#### **Financial instruments**

##### *Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

##### *Measurement*

##### Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

##### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

##### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

##### *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**Biocure Technology Inc.**

Notes to the Condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019

(unaudited - Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments (continued)***Impairment of financial assets at amortized cost (continued)*Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net (loss) income.

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

**Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

*Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred tax*

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period.

**Biocure Technology Inc.**

Notes to the Condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019

(unaudited - Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Loss per share**

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the year and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the year. When a loss is incurred during the year, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at March 31, 2020, the Company had no potentially dilutive shares outstanding.

**Share-based payments**

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and nonmarket vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

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

**Warrants**

When the Company issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on a Black-Scholes Option Pricing Model.

**Foreign currency translation***Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

**Biocure Technology Inc.**

Notes to the Condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019

(unaudited - Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Foreign currency translation (continued)**

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

**3. INVESTMENTS IN KWULP AND KWUC**

The Company has a 10% interest in Korea Waterbury Uranium Limited Partnership (“KWULP”), a limited partnership registered under the Limited Partnerships Act (British Columbia), and a 10% interest in the Korea Waterbury Uranium Corporation (“KWUC”), KWULP’s general partner.

In January 2008, KWULP entered into an earn-in agreement with Fission Energy Corp. (“Fission”) whereby Fission granted an option to KWULP to acquire up to a 50% interest in certain mineral claims in Saskatchewan, known as the Waterbury Lake Property, by incurring aggregate exploration costs of \$14,000,000 by January 30, 2011 (incurred) and subscribing for 1,000,000 common shares of Fission at a price of \$1.00 per share (subscribed to on March 14, 2008).

In August 2010, KWULP and Fission Energy Corp. entered into a definitive Limited Partnership Agreement (“WLULP”) to further the joint exploration and development of the Waterbury Lake Uranium Property located in Saskatchewan's Athabasca Basin (the “Waterbury Project”). Each party is responsible for expenditures in accordance with its interest in the partnership and any profits will be distributed to the parties on the same basis.

On April 11, 2011, Fission, a limited partner of KWULP, exercised the Back-In Option available under the WLULP Limited Partnership Agreement. KWULP received \$6,000,000 for the Back-in Option from Fission, accordingly of which the Company received \$600,000. As a result of the exercise of this option, Fission’s interest in WLULP was increased by 10% and KWULP’s interest was reduced by 10%. KWULP then held a 40% interest and Fission then held 60% in WLULP.

On January 16, 2013, a Binding Letter of Intent was announced whereby Denison Mines Corp. (“Denison”), by way of an arrangement, would acquire certain assets of Fission, including Fission’s 60% interest in the WLULP. The arrangement received final approval of the British Columbia Supreme Court and TSX Venture Exchange on April 25, 2013.

On September 30, 2015, KWULP decided not to participate in funding for the Waterbury Project and as Denison incurs expenditures. Its interest will increase and KWULP’s will decrease. As at March 31, 2020, KWULP’s interest has declined to 34.06%.

The Company’s investment in KWULP is classified as a fair value through other comprehensive loss (“FVTOCI”) financial asset. Because the investment is an unquoted investment in a private entity and the primary asset is an exploration stage resource property, the fair value is highly subjective. Management has reviewed for indicators of impairment and concluded that no such indicators exist as at March 31, 2020.

**4. RECEIVABLES**

The Company’s receivables are wholly comprised of refundable value-added tax. As of March 31, 2020, the Company had \$36,157 (December 31, 2019 - \$88,623) in receivables.

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**5. PREPAID EXPENSES AND DEPOSITS**

	March 31, 2020	December 31, 2019
Current:		
Prepaid expenses	\$ 1,784	\$ 1,768
Non-current:		
Deposits	44,056	42,580
<b>Total</b>	<b>\$ 45,840</b>	<b>\$ 44,348</b>

**6. INVENTORY**

The Company's inventory is comprised of finished products (biosimilar) and raw materials (microneedle). As of March 31, 2020, the Company had \$11,800 (December 31, 2019 - \$11,541) in inventory.

**7. EQUIPMENT**

	Furniture and Fixtures	Office Equipment	Computer Equipment	Testing Equipment	Total
<b>Cost:</b>					
At December 31, 2018	\$ 54,439	\$ 8,248	\$ 10,796	\$ 637,057	\$ 710,540
Additions	-	-	-	-	-
Effect of foreign exchange	(4,306)	(667)	(839)	(50,045)	(55,857)
At December 31, 2019	\$ 50,133	\$ 7,581	\$ 9,957	\$ 587,012	\$ 654,683
Additions	2,376	-	-	-	2,376
Effect of foreign exchange	1,738	263	345	20,350	22,696
At March 31, 2020	\$ 54,247	\$ 7,844	\$ 10,302	\$ 607,362	\$ 679,755
<b>Amortization:</b>					
At December 31, 2018	\$ 33,876	\$ 8,248	\$ 10,370	\$ 493,227	\$ 545,721
Charge for the year	4,818	-	426	39,339	44,583
Effect of foreign exchange	(2,669)	(667)	(839)	(38,870)	(43,045)
At December 31, 2019	\$ 36,025	\$ 7,581	\$ 9,957	\$ 493,696	\$ 547,259
Charge for the year	1,251	-	-	9,727	10,978
Effect of foreign exchange	1,211	263	345	17,445	19,264
At March 31, 2020	\$ 38,487	\$ 7,844	\$ 10,302	\$ 520,868	\$ 577,501
<b>Net book value:</b>					
At December 31, 2019	\$ 14,108	\$ -	\$ -	\$ 93,316	\$ 107,424
At March 31, 2020	\$ 15,760	\$ -	\$ -	\$ 86,494	\$ 102,254

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**8. LAND DEPOSIT**

During the year ended December 31, 2017, the Company entered into an agreement with Korea Land & Housing Corp. (“KLHC”) to acquire land for the purpose of constructing a research and development facility. The title of the land transfers to the Company upon completion of the scheduled payments. During the year ended December 31, 2019 the Company made payments of KRW 933,000,000 (\$1,049,625) including KRW 89,000,000 against the June 12, 2020 payment leaving a remaining balance of KRW 768,313,230 (\$864,352). The payment schedule is as follows:

<b>Date</b>	<b>KRW</b>	<b>\$</b>
December 12, 2017 (paid)	281,395,000	344,427
June 12, 2018 (paid)	422,555,000	517,207
December 12, 2018 (paid)	422,000,000	516,528
June 12, 2019 (paid)	422,000,000	516,528
December 12, 2019 (paid)	422,000,000	516,528
June 12, 2020	427,908,000	481,396
December 12, 2020	429,405,230	483,081
	<b>2,827,263,230</b>	<b>3,375,695</b>

If the Company defaults and does not proceed with the purchase, the initial payment of \$344,427 (KRW 281,395,000) shall be forfeited. The Company has made total payment of KRW 2,058,950,000 (\$2,276,497), including \$54,763 in foreign currency adjustment.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Accounts payable	\$ 1,118,606	\$ 1,048,025
Accrued liabilities	11,410	41,470
Payroll liabilities	23,703	19,002
	<b>\$ 1,153,719</b>	<b>\$ 1,108,497</b>

**10. RELATED PARTIES****Key management compensation**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and the Chief Executive Officer (“CEO”). The remuneration of directors and key management personnel for the three months ended March 31 were as follows:

	<b>2020</b>	<b>2019</b>
Management and directors' fees	\$ 69,395	\$ 72,184
Share-based compensation	57,483	-
Total	<b>\$ 126,878</b>	<b>\$ 72,184</b>

**Loan payable to related parties**

As of March 31, 2020, the Company has a loan of \$47,000 (December 31, 2019 - \$47,000) payable to a significant shareholder which is non-interest bearing, unsecured, and due on demand. As of March 31, 2020, the Company has a loan of \$253,212 (KRW 217,534,866) (December 31, 2019 - \$337,813 (KRW 300,052,470)) payable to the CEO of the Company which bears interest at 4.6% per annum, unsecured, and due on demand (Note 11).

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**11. LOANS PAYABLE**

The following table summarizes the principal and interest amount in loans payable:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>Loans payable, unsecured:</b>		
Non-interest bearing, unsecured and due on demand (Note 11)	\$ 47,000	\$ 47,000
Non-interest bearing, unsecured and due on demand	3,437	24,750
Interest at 4.6% per annum, unsecured and due on demand (Note 11)	253,212	337,812
Interest at 5% per annum, unsecured and due on demand	255,024	242,707
Interest at 10% per annum, unsecured and due on demand	231,712	218,501
<b>Total</b>	<b>\$ 790,385</b>	<b>\$ 870,770</b>

During the three months ended March 31, 2020, the Company recorded interest expense of \$11,802 (2019 - \$28,979).

**12. SEVERANCE LIABILITIES**

Under Korean law, the Company is required to either pay employees a severance amount at termination or contribute to a pension scheme. During the year ended December 31, 2016, the Company applied to begin making contributions to a pension scheme. The severance liability is the amount that remains payable by the Company to its employees at the time of termination and is based on a specified percentage of wages paid to date for past services.

As of March 31, 2020, the Company has a carrying balance of severance liabilities of \$241,176 (2019 - \$233,095). During the year ended December 31, 2019, the Company recognized \$Nil (2019 - \$2,721) in severance expenses.

**13. LONG-TERM LOAN PAYABLE**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>Balance, beginning</b>	\$ 1,498,500	\$ 815,184
Additions	-	749,250
Effect of foreign exchange	51,212	(65,934)
<b>Balance, ending</b>	<b>\$ 1,549,712</b>	<b>\$ 1,498,500</b>

During the year ended December 31, 2018, the Company assumed a loan payable to the Industrial Bank of Korea ("IBK") to fund the land purchase agreement with KLHC (Note 8).

The loan terms are as follows:

- Interest rate of 3.3% per year;
- Loan amount shall consist of 5 instalments of \$403,920 (KRW 330,000,000) and the sixth instalment of \$410,040 (KRW 335,000,000) starting on June 12, 2019 where the balance shall be covered by the Company;
- The Company shall pay interest only for the first 3 years and principle plus interest for the following 5 years; and
- If the Company defaults and does not proceed with land purchase, IBK shall be paid by KLHC.

During the three months ended March 31, 2020, the Company recorded and paid interest expense of \$12,372 (2019 - \$Nil).



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**14. CONVERTIBLE DEBENTURE**

During the year ended December 31, 2019, the Company issued \$1,222,760 (KRW 1,100,000,000) in convertible debentures. The convertible debenture bears a three per cent interest rate, have a term of ten years, and are convertible into common shares of the Company's subsidiary BP Korea at \$12.25 per share three years after the issuance of the convertible debenture. If any common shares of the company are issued or sold for a price less than \$12.25 per common share the conversion price will be adjusted downward to the price of such issuance. The adjustment to the conversion price is considered a derivative as it changes in relation to the share price of the Company and does not meet the fixed for fixed criteria. The Company has elected to measure the instrument at FVTPL. On inception, the fair value of the instrument was determined to be the transaction amount, as the debt was issued shortly before year end no adjustment to the fair value was made as the fair value equated to the carrying amount.

The proceeds from the issuance were allocated as follows:

	<b>Debenture</b>
<b>Balance at December 31, 2018</b>	\$ -
Proceeds	1,222,760
Interest	36,835
Effect of FX	21,875
<b>Balance at December 31, 2019</b>	<b>\$ 1,281,470</b>
Effect of FX	49,034
<b>Balance at March 31, 2020</b>	<b>\$ 1,330,504</b>

**15. SHARE CAPITAL***Authorized:*

Unlimited number of common shares without par value.

*Issued:*

During the three months ended March 31, 2020 and the year ended December 31, 2019, the Company did not issue any new shares.

**16. SHARE-BASED COMPENSATION****Stock options**

The Company has established a stock option plan under which common share purchase options may be granted to directors, officers, employees and consultants. The maximum number of shares available for options issuable under the stock option plan is 10% of the Company's common shares outstanding. Options granted have an exercise price of the Company's prior day closing price quoted on the Exchange for the common shares of the Company.

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**16. SHARE-BASED COMPENSATION (continued)**

A summary of stock options activities are as follows:

	March 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	6,300,000	\$ 0.69	4,650,000	\$ 0.71
Granted	-	-	5,700,000	0.38
Cancelled	-	-	(3,415,000)	0.71
Forfeited	-	-	(635,000)	0.77
Balance, ending	6,300,000	\$ 0.69	6,300,000	\$ 0.69

On April 11, 2019, the Company granted to the directors, employees, officers, and consultants 5,700,000 options with an exercise price of \$0.38 per share for a period of three years. 4,366,200 of the granted options vested immediately, subject to a four-month hold period in accordance with the policies of the Canadian Securities Exchange, with the remainder of the options vesting on April 11, 2020. The fair value of stock options is \$1,675,326 estimated using the Black-Scholes option pricing model with the following assumptions: an expected life of three years; risk-free interest rate of 1.60%; a forfeiture rate of 0%; dividend yield of 0%; and volatility of 138.00%.

During the year ended December 31, 2019, the Company cancelled 3,040,000 options with an exercise price of \$0.71 per share expiring on April 11, 2020, 125,000 options with an exercise price of \$1.02 expiring on March 1, 2020 and 250,000 options with an exercise price of \$0.75 expiring on August 31, 2020.

For the three months ended March 31, 2020, the Company recognized stock-based compensation expense of \$97,471 (2019 - \$NIL) relating to the stock options that vested during the period.

The following summarizes information about stock options outstanding and exercisable at March 31, 2020:

Expiry date	Options outstanding	Options exercisable	Exercise Price	Weighted average remaining contractual life, in years
April 11, 2020	600,000	600,000	\$ 0.69	0.03
April 11, 2021	600,000	600,000	0.38	1.03
April 11, 2022	5,100,000	3,930,000	0.38	2.03
	6,300,000	5,130,000	\$ 0.41	1.74

**17. NON-CONTROLLING INTERESTS**

At March 31, 2020, the Company owned 94.32% interest in its Korean subsidiary BiocurePharm. The remaining 5.68% of BP Korea shares were issued in non-brokered private placements throughout the year to third-party investors. Prior to these private placements, the Company owned a 100% interest in BP Korea.

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**17. NON-CONTROLLING INTERESTS (continued)**

Set out below is summarized financial information for the subsidiary before any inter-company eliminations:

<b>Summarized balance sheet</b>	<b>BiocurePharm Incorp.</b>	
	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Current assets	\$ 305,423	\$ 169,826
Current liabilities	2,075,435	2,252,987
Current net assets	(1,770,012)	(2,083,161)
Non-current assets	2,448,489	2,375,198
Non-current liabilities	3,558,058	3,457,812
Non-current net assets	(1,109,569)	(1,082,614)
Net assets	\$ (2,879,581)	\$ (3,165,775)
Accumulated NCI	\$ (188,159)	\$ (126,612)

Summarized statement of comprehensive income	<b>BiocurePharm Incorp.</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Operating expenses	\$ (390,281)	\$ (467,560)
Other income (expenses)	(233)	-
Net loss for the period	(390,514)	(467,560)
Other comprehensive income (loss)	(61,893)	50,106
Total comprehensive income (loss)	\$ (452,407)	\$ (517,233)
Comprehensive Loss allocated to NCI	\$ (24,485)	\$ -

**18. FINANCIAL INSTRUMENTS AND RISKS***Classification of financial instruments*

Financial assets included in the statement of financial position are as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Fair value through other comprehensive income (loss)		
Investments	\$ 1,967,322	\$ 1,967,354
	\$ 1,967,322	\$ 1,967,354

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**18. FINANCIAL INSTRUMENTS AND RISKS (continued)**

Financial liabilities included in the statement of financial position are as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Fair value through profit or loss		
Non-derivative financial liabilities:		
Accounts payable	\$ 1,153,719	\$ 1,108,497
Loans payable	2,340,097	2,369,270
Convertible debenture	1,330,504	1,281,470
	<b>\$ 4,824,320</b>	<b>\$ 4,759,237</b>

*Fair value*

The Company has applied a three-level hierarchy to reflect the significance of the inputs used in making fair value measurements. The three levels of fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, neither directly or indirectly; and
- Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, loan receivable, accounts payable and accrued liabilities, loans payable, severance liability and convertible debentures. The fair value of these financial instruments, other than cash and convertible debentures, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

Financial liabilities measured at fair value consisted of convertible debentures, which are measured using level 3 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate and liquidity risk.

a) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Korean financial institutions and is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

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**18. FINANCIAL INSTRUMENTS AND RISKS (continued)**d) Foreign currency risk

The Company's functional currency is the South Korean Won and major transactions are in South Korean Wons. As of March 31, 2020, the Company had \$480,233 (December 31, 2019 - \$404,764) in financial liabilities denominated in Canadian Dollars. The remaining values in financial assets and financial liabilities are denominated in South Korean Wons. Management believes that the foreign exchange risk related to currency conversion is minimal and therefore does not hedge its foreign exchange risk.

**19. CAPITAL MANAGEMENT**

The capital managed by the Company includes the components of shareholders' equity as described in the consolidated statements of shareholders' equity. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize its resources to fund the growth and development of its business, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets by seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. In order to maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to the issuance of new capital, the issuance of new debt and the sale of assets in whole or in part.

**20. OTHER LIABILITIES AND CONTINGENCIES**

On March 6, 2019 BiocurePharma Inc (BPK) received a notice that a lawsuit was filed with the court of Suwon District. Sehyun Pharma Co. ("SP") filed a compensation claim. On Jan. 23, 2017 SP and BPK signed an agreement for a take-over SP however later in the process terminated for business reasons. The plaintiffs are seeking damages for the termination of the contract. The Company is of the view that the allegations contained in the claim are without merit and intends to vigorously defend its position.

**21. SUBSEQUENT EVENTS**

- a) On May 11, 2020, the Company has entered into an agreement with Sunfit Investments Ltd. To settle debt in the amount of \$300,000 owed pursuant to a consulting agreement dated April 1, 2019 in exchange for the issuance of 1,000,000 common shares at a deemed price of 30 cents per share.