BIOCURE TECHNOLOGY INC
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Biocure Technology Inc.

Opinion

We have audited the consolidated financial statements of Biocure Technology Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has an accumulated deficit of $26,082,368 as at December 31, 2021 and, as of that date, the Company's current liabilities exceeded its current assets by $1,617,880. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Steven Reichert.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 29, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

Biocure Technology Inc.
Consolidated Statements of Financial Position
As at December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Notes	2021	2020
		$	$
ASSETS			
Current			
Cash		159,097	46,679
Receivables	4	12,618	70,893
Prepaid expenses	5	67,040	13,709
Inventory	6	4,054	4,493
Land deposit receivable	8	1,890,879	-
		2,133,688	135,774
Non-current			
Equipment	7	4,541	68,784
ROU Asset	9	3,153	17,304
Intangible asset		1,127	1,460
Deposits	5	43,880	48,161
Investments in KWULP and KWUC	3	1,965,527	1,965,527
Land deposit	8	-	2,310,603
Other investment		1,099	2,807
TOTAL ASSETS		4,153,015	4,550,420
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	10	938,765	2,576,171
Loans payable	12,15	2,532,309	1,053,077
Lease liability	13	3,638	14,389
Severance liabilities	14	276,856	297,506
		3,751,568	3,941,143
Non-current			
Loan payable	15	34,189	1,586,922
Lease liability	13	-	3,993
Convertible Debenture	16	1,219,574	1,332,729
		5,005,331	6,864,787
Shareholders' equity			
Share capital	17	18,377,908	17,452,020
Accumulated other comprehensive loss		(325,606)	(654,328)
Reserve for stock options and warrants	17	7,497,458	6,269,735
Deficit		(26,082,370)	(25,071,293)
Total parent shareholders' equity		(532,610)	(2,003,866)
Non-controlling interests	18	(319,706)	(310,501)
Total shareholders' equity		(852,316)	(2,314,367)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,153,015	4,550,420

Nature of operations and going concern (Note 1)
Commitments (Notes 8 and 14)
Subsequent events (Note 23)

Approved on behalf of the Board on April 29, 2022:

"Sang Mok Lee"	*"Collin Kim"*
Director	Director

The accompanying notes are an integral part of these Consolidated Financial Statements.

Biocure Technology Inc.
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Notes	2021	2020
		$	$
EXPENSES			
Accretion		4,967	883
Amortization and depreciation		76,878	54,899
Consulting		277,679	384,700
Director and management fees	11	240,526	72,853
Filing fees		62,046	31,127
General and administrative		46,561	82,299
Insurance		28,455	-
Interest	12,13,15,16	493,921	239,240
Loss on inventory disposal		-	6,742
Motor vehicle expenses		3,170	17,559
Payroll	11	291,583	480,018
Professional fees		92,041	123,216
Rent		56,122	50,928
Research and development		1,476,365	1,555,334
Share-based compensation	11,17	1,164,951	109,253
Supplies		13,889	16,598
Travel and entertainment		60,428	108,245
Utilities		4,453	4,057
		(4,394,035)	(3,337,951)
OTHER ITEMS			
Foreign exchange gain (loss)		(23)	9,786
Impairment of land deposit	8	(308,409)	-
Loss on change in FV of convertible debt	16	(5,459)	-
Gain on settlement of debt	17	-	120,000
(Loss) gain on valuation of marketable securities		(1,500)	881
Income from government assistance	15	-	31,662
Interest income		88,044	2,891
Forgiveness of accounts payable	10	3,473,705	-
Recovery of uncollectable loan		-	94,353
		3,246,358	259,573
NET LOSS FOR THE YEAR		**(1,147,677)**	**(3,078,378)**
Loss attributable to the shareholders of the Company		(1,127,892)	(2,945,580)
Loss attributable to non-controlling interest		(19,785)	(132,797)
		(1,147,677)	(3,078,378)
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation		349,221	(135,388)
Attributable to the shareholders of the Company		328,722	(127,698)
Attributable to non-controlling interest	18	20,499	(7,690)
		349,221	(135,388)
COMPREHENSIVE LOSS		**(798,456)**	**(3,213,766)**
Attributable to the shareholders of the Company		(799,170)	(3,073,279)
Attributable to non-controlling interest	18	714	(140,487)
		(798,456)	(3,213,766)
BASIC AND DILUTED LOSS PER SHARE		(0.01)	(0.03)
WEIGHTED AVERAGE SHARES OUTSTANDING – BASIC AND DILUTED		103,038,873	98,146,465

The accompanying notes are an integral part of these Consolidated Financial Statements.

Biocure Technology Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Reserve For Stock Options and Warrants	Accumulated Other Comprehensive Loss	Deficit	Non-controlling interest	Total
		$	$	$	$	$	$
December 31, 2019	96,937,001	16,984,641	6,159,079	(526,630)	(22,907,714)	(126,612)	(417,236)
Issuance of shares in subsidiary	-	-	-	-	782,002	(43,402)	738,600
Issuance of shares for cash (net)	1,786,725	245,379	1,403	-	-	-	246,782
Issuance of shares for debt	1,190,907	222,000	-	-	-	-	222,000
Share-based compensation (Note 17)	-	-	109,253	-	-	-	109,253
Net loss	-	-	-	-	(2,945,581)	(132,797)	(3,078,378)
Other comprehensive loss	-	-	-	(127,698)	-	(7,690)	(135,388)
December 31, 2020	99,914,633	17,452,020	6,269,735	(654,328)	(25,071,293)	(310,501)	(2,314,367)
Issuance of shares in subsidiary	-	-	-	-	116,815	(9,919)	**106,896**
Issuance of shares for cash (net)	6,706,525	925,888	62,772	-	-	-	**988,660**
Share-based compensation (Note 17)	-	-	1,164,951	-	-	-	**1,164,951**
Net loss	-	-	-	-	(1,127,892)	(19,785)	**(1,147,677)**
Other comprehensive income	-	-	-	328,722	-	20,499	**349,221**
December 31, 2021	**106,621,158**	**18,377,908**	**7,497,458**	**(325,606)**	**(26,082,370)**	**(319,706)**	**(852,316)**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Biocure Technology Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(1,147,677)	(3,078,378)
Non-cash items:		
Accretion expense	4,967	883
Amortization and depreciation	76,878	54,899
Gain on settlement of debt	-	(120,000)
Loss (gain) on valuation of marketable securities	1,500	(881)
Loss on change in FV of convertible debt	5,459	-
Forgiveness of accounts payable	(3,473,705)	-
Interest	260,373	46,782
Impairment of land deposit	308,409	-
Income from government assistance	-	(31,662)
Recovery of loan receivable	-	(94,353)
Share-based compensation	1,164,951	109,253
Changes in non-cash working capital items:		
Receivables	54,055	20,348
Prepaid expenses and deposits	(53,562)	(15,690)
Inventory	41	7,296
Accounts payable and accrued liabilities	1,714,982	1,791,301
Net cash used in operating activities	(1,083,329)	(1,310,202)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,936)	(2,861)
Recovery of loan receivable	-	94,353
Net cash (used in) provided by investing activities	(3,936)	91,492
FINANCING ACTIVITIES		
Proceeds from private placement	988,560	246,782
Proceeds from subsidiary shares issued	109,596	738,600
Proceeds from borrowings	172,553	341,578
Proceeds from CEBA loan	-	60,000
Repayment of borrowings	(86,635)	(241,031)
Lease payments	(15,388)	(11,970)
Net cash provided by financing activities	1,168,686	1,133,959
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH	30,997	(1,009)
NET CHANGE IN CASH	112,418	(85,760)
CASH, BEGINNING OF THE YEAR	46,679	132,439
CASH, END OF THE YEAR	159,097	46,679
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	16,719	33,857

The accompanying notes are an integral part of these Consolidated Financial Statements.

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 Consolidated 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 December 31, 2021, the Company has a working capital deficiency of $1,617,880. 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 December 31, 2021, the Company has not earned significant revenue and has an accumulated deficit of $26,082,370. The Company has material financial uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Consolidated 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. These adjustments could be material.

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 Consolidated Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement
The Company's Consolidated 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 Consolidated 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership	Principle Activities
Biocurepharm Corporation ("BP Korea")	Korea	94.13%	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 Consolidated 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 Consolidated 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 Consolidated 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 December 31, 2021, 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), and the classification of its financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. During the year ended December 31, 2021, $287,661 (2020 - $391,203) relating to direct labor costs were included in Research and development in the consolidated statement of comprehensive loss.

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.

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. As of December 31, 2021, 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:

Class of equipment	Rate
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Testing equipment	5 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Government grant

Loans received from government grants are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received recorded as a government grant gain in the consolidated statements of loss and comprehensive loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 comprehensive loss. 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 comprehensive loss 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 comprehensive 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.

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 comprehensive 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 comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the income tax is also recognized in other comprehensive income (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.

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 December 31, 2021, the Company had no potentially dilutive shares outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to reserves.

Foreign currency translation

Translation of foreign currency transactions

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period, except for exchange differences relating to borrowings hedging net investments denominated in the consolidated subsidiaries' currency. These differences are recognized in other comprehensive income as currency translation differences until the disposal of the net investment. Exchange differences arising from operating transactions are recorded in operating profit for the period; exchange differences related to financing transactions are recognized as finance costs or income, or in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Translation of foreign operations

The assets and liabilities of a foreign operation, including goodwill and fair value adjustments arising from the acquisition, are translated in Canadian dollars at year-end exchange rates. Income and expenses, and cash flows of a foreign operation are translated in Canadian dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in equity. When a foreign operation is disposed of, the translation differences previously recognized in equity are reclassified to profit or loss.

Leases

At the inception of a contract, the Company assesses whether a contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right- of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle or remove the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term lease of assets that have a lease term of 12 months or less and leases of low-value assets, such as IT equipment. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

(Expressed in Canadian Dollars)

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.

During the years ended December 31, 2015 and 2020, 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 December 31, 2021, KWULP's interest has declined to 33.09%.

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 December 31, 2021. Management has determined fair value based on the cost basis of the investment.

4. RECEIVABLES

The Company's receivables are comprised of refundable value-added tax and partial land deposit (Note 8). As of December 31, 2021, the Company had $12,618 (2020 - $70,893) in receivables.

5. PREPAID EXPENSES AND DEPOSITS

	December 31, 2021	December 31, 2020
	$	$
Current:		
Prepaid expenses	67,040	13,709
Non-current:		
Deposits	43,880	48,161
Total	110,920	61,870

(Expressed in Canadian Dollars)

6. INVENTORY

The Company's inventory is comprised of finished products (biosimilar) and raw materials (microneedle). As of December 31, 2021, the Company had $4,054 (2020 - $4,493) in inventory.

7. EQUIPMENT

	Facilities	Office Equipment	Computer Equipment	Testing Equipment	Total
	$	$	$	$	$
Cost					
At December 31, 2019	50,133	7,581	9,957	587,012	654,683
Additions	2,399	-	-	462	2,861
Effect of foreign exchange	2,005	303	398	23,480	26,186
At December 31, 2020	54,537	7,884	10,355	610,954	683,730
Additions	-	-	3,828	-	3,828
Effect of foreign exchange	(831)	(4,746)	(953)	(55,697)	(62,227)
At December 31, 2021	53,706	3,138	13,230	555,257	625,331
Accumulated Depreciation					
At December 31, 2019	36,025	7,581	9,957	493,696	547,259
Charge for the year	5,292	-	-	39,288	44,580
Effect of foreign exchange	1,525	303	398	20,881	23,107
At December 31, 2020	42,842	7,884	10,355	553,865	614,946
Charge for the year	9,566	-	-	53,479	63,045
Effect of foreign exchange	(53)	(4,746)	(315)	(52,087)	(57,201)
At December 31, 2021	52,355	3,138	10,040	555,257	620,790
Net book value:					
At December 31, 2020	11,695	-	-	57,089	68,784
At December 31, 2021	1,351	-	3,190	-	4,541

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.

The payment schedule is as follows:

Date	KRW	$
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 (partially paid[1])	427,908,000	500,652
December 12, 2020	429,405,230	502,404
	2,827,263,230	3,414,274

1) of which KRW 24,110 ($26) was paid for the year ended December 31, 2021.

(Expressed in Canadian Dollars)

8. LAND DEPOSIT (continued)

The title of the land transfers to the Company upon completion of the scheduled payments. During the reporting period, the Company was in arrears for the remaining payments that are required to complete the purchase. As of December 31, 2021, KRW 843,975,890 in principal payments and KRW 13,313,230 of interest payments were outstanding.

The Company did not make the required payment during the year ended December 31, 2021 and was in default of the agreement and impaired the initial payment of KRW 281,395,000 ($308,409) during the year ended December 31, 2021.

Subsequent to the year ended December 31, 2021, on March 28, 2022, the agreement with KLHC, was terminated and the initial payment of KRW 281,395,000 ($308,409) was forfeited and the Company received KRW 505,015,574 after KLHC directly repaid and deducted against the outstanding loan from Industrial Bank of Korea, included in the amount received were interest of $88,040 (KRW 80,328,138) accrued to December 31, 2021 and $7,558 (KRW 6,895,852) for the period from January 1, 2022 to March 28, 2022.

9. RIGHT-OF-USE ASSETS

During the year ended December 31, 2020, the Company entered into a vehicle lease agreement. The lease liability was measured at the present value of the estimated remaining lease payments and discounted using the Company's incremental borrowing rate as of January 1, 2020, which is 17%.

The changes of the Company's right-of-use assets for the year ended December 31, 2021 are as follows:

	December 31, 2021	**December 31, 2020**
	$	$
Balance, beginning	17,304	-
Additions	-	27,687
Depreciation for the year	(12,968)	(10,383)
Effect of FX	(1,183)	-
Balance, ending	**3,153**	17,304

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	**December 31, 2020**
	$	$
Accounts payable	853,643	2,372,003
Accrued liabilities	59,573	179,785
Payroll liabilities	25,549	24,383
	938,765	2,576,171

During the year ended December 31, 2021, the Company received notification of termination of research agreement with Pharos Vaccine Inc. ("Pharos") due to lack of payment by the Company. Pharos terminated the contract with $Nil owing by the Company. The Company recognized a gain of $3,473,705 (2020 - $Nil) relating to accounts payable of KRW 2,827,667,497 and the accrued interest of KRW 341,770,930.

(Expressed in Canadian Dollars)

11. 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 years ended December 31 were as follows:

Key management compensation (continued)

	2021	2020
	$	$
Management and directors' fees	235,513	314,987
Share-based compensation	520,073	64,431
Total	755,586	379,418

Loan payable to related parties

As of December 31, 2021, the Company has a loan of $47,000 (December 31, 2020 - $47,000) payable to a significant shareholder which is non-interest bearing, unsecured, and due on demand. As of December 31, 2021, the Company has a loan of $463,622 (KRW 434,543,080) (December 31, 2020 - $348,957 (KRW 298,252,645)) payable to the CEO of the Company which bears interest at 4.6% per annum, is unsecured, and due on demand (Note 12).

Share transactions

Directors and key management personnel also participated in the Company's private placement during the year ended December 31, 2021. They invested a total of $75,200 and received a combined 470,000 Units at $0.16 per Unit. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase additional common share of the Company at $0.21 per common share until July 14, 2023.

During the year ended December 31, 2020, the Company issued 136,364 shares to settle debt in the amount of $30,000 with two directors of the Company.

Directors and key management personnel also participated in the Company's private placement during the year ended December 31, 2020. They invested a total of $20,000 and received a combined 142,860 Units at $0.14 per Unit. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase additional common share of the Company at $0.21 per common share until October 14, 2022.

(Expressed in Canadian Dollars)

12. LOANS PAYABLE

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

	December 31, 2021	December 31, 2020
	$	$
Loans payable, unsecured:		
Non-interest bearing, unsecured and due on demand (Note 11)	47,000	47,000
Non-interest bearing, unsecured and due on demand	40,411	-
Interest at 2.0% per annum, unsecured and due on demand	139,226	140,724
Interest at 4.6% per annum, unsecured and due on demand (Note 11)	463,627	348,957
Interest at 5% per annum, unsecured and due on demand	254,749	266,087
Interest at 10% per annum, unsecured and due on demand	252,327	250,309
Interest at 3.3% per annum (Note 15)	1,334,969	-
Total	2,532,309	1,053,077

During the year ended December 31, 2021, the Company recorded interest expense of $68,358 (2020 - $48,238).

13. LEASE LIABILITY

In 2020, the Company entered into a two-year vehicle lease agreement, and recognized a right-of-use asset (Note 9) with a corresponding lease liability.

The changes in the Company's lease liability for the year ended December 31, 2021 and 2020 are as follows:

	December 31, 2021
	$
Balance, beginning	18,382
Additions	-
Lease payments	(15,388)
Finance charge	1,909
Effect of FX	(1,265)
Balance, December 31, 2021	**3,638**
Less: current portion	(3,638)
Balance, ending	**-**

	December 31, 2020
	$
Balance, beginning	-
Additions	27,687
Lease payments	(12,320)
Finance charge	3,015
Effect of FX	-
Balance, December 31, 2020	18,382
Less: current portion	(14,389)
Balance, ending	3,993

(Expressed in Canadian Dollars)

13. LEASE LIABILITY (continued)

The lease payments associated with leases containing a ROU asset were $1,282 (KRW 1,170,000) per month starting in April 2020.

14. 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 December 31, 2021, the Company has a carrying balance of severance liabilities of $276,856 (2020 - $297,506). The difference is due to foreign exchange variations. During the year ended December 31, 2021, the Company recognized $Nil (2020 - $64,411) in severance expenses.

15. NON-CURRENT LOAN PAYABLE

	December 31, 2021	December 31, 2020
	$	$
Balance, beginning	1,586,922	1,498,500
Additions - CEBA	-	29,222
Repayments	(86,609)	-
Accretion - CEBA	4,967	-
Reclassified as current (Note 12)	(1,334,974)	-
Effect of foreign exchange	(136,117)	59,200
Balance, ending	**34,189**	**1,586,922**

During the year ended December 31, 2020, the Company entered into a Canada Emergency Business Account "CEBA" loan with the Government of Canada. The loan is an interest free loan of $60,000 from the Government of Canada. If the Government of Canada is repaid by December 31, 2023, 33% being $20,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. The loan was recorded at a fair value of $29,222 using an effective rate of 17%, considering the grant, the interest- free loan and the forgivable portion. The residual value of $31,662 is recorded as income from government assistance in other income. During the year ended December 31, 2021, the Company recorded accretion expense of $4,967 (2020 - $Nil).

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 principal plus interest for the following 5 years; and
- If the Company defaults and does not proceed with the land purchase, IBK shall be paid by KLHC.

During the year ended December 31, 2021, the Company recorded interest expense of $46,825 (2020 - $49,969).

Subsequently, on March 25, 2022, the agreement with KLHC, was terminated and KLHC directly repaid the outstanding loan from Industrial Bank of Korea. As at December 31, 2021, this loan was reclassified as current.

(Expressed in Canadian Dollars)

16. 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, has a term of ten years, and is convertible into common shares of the Company's subsidiary BP Korea at $12.25 (KRW 11,000) 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 (KRW 11,000) 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.

Management assessed the fair value of the debt at December 31, 2021 and adjusted the fair value, based on the market conditions, interest rates and operations of BP Korea. During the year ended December 31, 2021, BPK issued 7,692 shares for KRW 13,000 which is similar to the conversion price of KRW 11,000 and there was no impact on the fair value of the debt. The Company recorded $5,459 adjustment to the fair value based on the change in market interest rate.

	Debenture
	$
Balance at December 31, 2019	**1,281,470**
Interest	37,514
Effect of FX	13,745
Balance at December 31, 2020	**1,332,729**
Change in fair value of convertible debt	5,459
Effect of FX	(118,614)
Balance at December 31, 2021	**1,219,574**

17. SHARE CAPITAL

Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

During the year ended December 31, 2021, the Company closed a non-brokered private placement consisting of 6,706,525 shares at a price of $0.16 per unit for gross proceeds of $1,073,044. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase additional common share of the Company at $0.21 per common share until July 14, 2022. The Company also agreed to pay a finder's fee of 8 per cent in cash and 8 per cent in warrants for the proceeds raised by the finders in connection with the private placement. The finder warrants are on the same terms as the purchaser warrants.

(Expressed in Canadian Dollars)

17. SHARE CAPITAL (continued)

Common shares (continued)

During the year ended December 31, 2020, the Company issued 1,786,725 Units at a price of $0.14 per Unit for gross proceeds of $250,142 in a non-brokered private placement. Each Unit is comprised of one common share and one share purchase warrant of the Company, where each whole share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.21 per common share until October 14, 2022. The Company also paid $3,360 and issued 24,000 share purchase warrants as finder's fees. Each share purchase warrant of the finder's fee entitles the holder to purchase one common share of the Company at $0.21 per common share until October 14, 2021.

During the year ended December 31, 2020, the Company issued 1,000,000 common shares to settle debt in the amount of $300,000 owed pursuant to a consulting agreement. The fair value of the shares was $0.18 on the date of issuance, and therefore, the Company recognized a gain on debt settlement of $120,000.

During the year ended December 31, 2020, the Company issued 190,907 shares at a fair value of $0.22 per share to settle accounts payable of $42,000.

Warrants

During the year ended December 31, 2021, the Company issued 6,706,525 share purchase warrants for a period of two years, at a price of $0.21 per warrant in connection with the private placement. The Company also issued 534,022 share purchase warrants as part of the finders' fees relating to the same private placement. The fair value of the warrants is $62,772 estimated using the Black-Scholes option pricing model with the following assumptions: an expected life of two years; risk-free interest rate of 0.44%; a forfeiture rate of 0%; dividend yield of 0%; and volatility of 117.98%.

During the year ended December 31, 2021, no warrants were exercised and 24,000 warrants were expired with an exercise price of $0.21 and an expiry date of October 14, 2021.

During the year ended December 31, 2020, the Company granted 1,786,725 share purchase warrants as part of a private placement and recorded $nil value based on the residual method. The Company also issued 24,000 share purchase warrants as part of the finders' fees relating to the same private placement with a value of $1,403 using the black-scholes model.

The following table summarizes the information about share purchase warrants as at December 31, 2021:

Expiry date	Warrants outstanding	Exercise Price	Weighted average remaining contractual life, in years
		$	
October 14, 2022	1,786,725	0.21	1.04
July 14, 2023	7,240,547	0.21	1.54
	9,027,272	0.21	1.38

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.

A summary of stock options activities are as follows:

(Expressed in Canadian Dollars)

17. SHARE CAPITAL (continued)

Stock options (continued)

	December 31, 2021		December 31, 2020	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		$		$
Balance, beginning	5,700,000	0.38	6,300,000	0.41
Granted	7,270,000	0.30	-	-
Cancelled	(5,400,000)	0.38	-	-
Forfeited	-	-	(600,000)	0.69
Balance, ending	7,570,000	0.30	5,700,000	0.38

During the year ended December 31, 2021, the Company granted to the directors, employees, officers, and consultants 6,020,000 options with an exercise price of $0.30 per share for a period of three years. The options are subject to a four-month hold period in accordance with the policies of the Canadian Securities Exchange. The fair value of stock options is $1,014,089 estimated using the Black-Scholes option pricing model with the following assumptions: an expected life of three years; risk-free interest rate of 0.28%; a forfeiture rate of 0%; dividend yield of 0%; and volatility of 112.58%.

During the year ended December 31, 2021, the Company cancelled 5,400,000 options with an exercise price of $0.38 and an expiry date of April 11, 2022.

During the year ended December 31, 2021, the Company additionally granted to the directors, employees, officers, and consultants 1,250,000 options with an exercise price of $0.30 per share for a period of three years. The options are subject to a four-month hold period in accordance with the policies of the Canadian Securities Exchange. The fair value of stock options is $150,863 estimated using the Black-Scholes option pricing model with the following assumptions: an expected life of three years; risk-free interest rate of 0.49%; a forfeiture rate of 0%; dividend yield of 0%; and volatility of 112.58%.

The Company recognized stock-based compensation expense of $1,164,951 for the years ended December 31, 2021 (2020 - $109,253).

The following summarizes information about stock options outstanding and exercisable at December 31, 2021:

Expiry date	**Options outstanding**	**Options exercisable**	**Exercise Price**	**Weighted average remaining contractual life, in years**
			$	
April 11, 2022	300,000	300,000	0.38	0.28
February 16, 2024	6,020,000	6,020,000	0.30	2.13
July 21, 2024	1,250,000	1,250,000	0.30	2.56
	7,570,000	7,570,000	0.30	2.13

(Expressed in Canadian Dollars)

18. NON-CONTROLLING INTERESTS

At December 31, 2021, the Company owned 94.13% interest in it's Korean subsidiary BiocurePharm. The remaining 5.68% of BP Korea shares were issued in non-brokered private placements throughout 2019 and 2020 to third-party investors. Prior to these private placements, the Company owned a 100% interest in BP Korea.

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

Summarized balance sheet	BiocurePharm Incorp. December 31, 2021	December 31, 2020
	$	$
Current assets	1,905,500	72,095
Current liabilities	3,919,564	3,984,659
Current net assets	(2,014,064)	(3,912,564)
Non-current assets	53,800	2,449,119
Non-current liabilities	1,219,574	3,572,264
Non-current net assets	(1,165,774)	(1,123,145)
Net assets	(3,179,838)	(5,035,709)
Accumulated NCI	(319,706)	(310,501)

Summarized statement of comprehensive income	BiocurePharm Incorp. December 31, 2021	December 31, 2020
	$	$
Operating expenses	(2,524,606)	(2,581,082)
Other income	3,246,381	107,939
Net income (loss) for the year	721,775	(2,473,143)
Other comprehensive income (loss)	349,221	(135,388)
Total comprehensive income (loss)	1,070,996	(2,608,531)
Comprehensive income (loss) allocated to NCI	714	(140,487)

(Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISKS

Classification of financial instruments

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

	December 31, 2021	December 31, 2020
	$	$
Fair value through profit or loss		
Cash	159,097	46,679
Investments in KWULP and KWUC	1,965,527	1,965,527
Other investment	1,099	2,807
Amortized cost		
Land deposit receivable	1,890,879	-
	4,016,602	2,015,013

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

	December 31, 2021	December 31, 2020
	$	$
Fair value through profit or loss:		
Convertible debenture	1,219,574	1,332,729
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	938,765	2,576,171
Loans payable	2,566,498	2,639,999
Lease liability	3,638	18,382
	4,728,475	6,567,281

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, land deposit receivable, accounts payable and accrued liabilities, loans payable, severance liability at amortized cost and convertible debentures at FVTPL. 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 2 inputs.

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

19. FINANCIAL INSTRUMENTS AND RISKS (continued)

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.

d) Foreign currency risk

The Company's functional currency is the South Korean Won and major transactions are in South Korean Wons. As of December 31, 2021, the Company had $168,188 (December 31, 2020 - $50,452) in financial assets and $622,304 (December 31, 2020 - $396,839) 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.

20. 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. There were no changes in the Company's approach to capital management during the period.

(Expressed in Canadian Dollars)

21. 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 of KRW 500,000,000 ($585,000) 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.

During the year ended December 31, 2021, the lawsuit filed with the court of Suwon District. Sehyun Pharma Co. ("SP") against the Company was dismissed.

22. INCOME TAXES

The income tax provisions differ from the expected amounts calculated by applying Korean corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		2021		2020
Net loss	$	(1,147,677)	$	(3,078,378)
Statutory tax rate		27%		27%
Expected income tax recovery		(310,000)		(831,000)
Impact of different foreign statutory tax rates on earnings		(14,000)		-
Non-deductible expenditures		316,000		79,000
Foreign exchange		350,000		(141,000)
Change in unrecognised deferred assets		1,512,000		864,000
Other		(1,854,000)		29,000
Actual income tax recovery	$	-	$	-

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

		December 31, 2021		December 31, 2020
Deferred income tax assets				
Non-capital losses carried forward	$	5,411,000	$	4,470,000
Property equipment		542,000		(10,000)
Share issuance costs		19,000		-
Unrecognized deferred tax assets		(5,972,000)		(4,460,000)
Net deferred income tax assets	$	-	$	-

As at December 31, 2020, the Company has income tax loss carry forwards of approximately $21,020,000 to reduce future taxable income which expire between 2021 and 2040.

23. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2021, the agreement with KLHC to acquire land for the purpose of constructing a research and development facility was terminated The instalment funds paid by BPK were be refunded after deduction of interests and the down payment was forfeited (Note 8).

24. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2021 were approved and authorized for issue by the Board of Directors on April 29, 2022.