

**BIOCURE TECHNOLOGY INC**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

**(Expressed in Canadian Dollars)**

**Biocure Technology Inc.**

## Consolidated Statements of Financial Position

As at June 30, 2022 and December 31, 2021

(Expressed in Canadian Dollars)

	Notes	June 30, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		74,014	159,097
Receivables	4	17,812	12,618
Prepaid expenses	5	5,632	67,040
Inventory	6	3,788	4,054
Land deposit receivable	8	-	1,890,879
		101,246	2,133,688
<b>Non-current</b>			
Equipment	7	921	4,541
ROU Asset	9	-	3,153
Intangible asset		958	1,127
Deposits	5	40,999	43,880
Investments in KWULP and KWUC	3	1,965,527	1,965,527
Land deposit	8	-	-
Other investment		1,027	1,099
<b>TOTAL ASSETS</b>		2,110,678	4,153,015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10	856,750	938,765
Loans payable	12,15	1,109,682	2,532,309
Lease liability	13	-	3,638
Severance liabilities	14	258,676	276,856
		2,225,108	3,751,568
<b>Non-current</b>			
Loan payable	15	36,956	34,189
Lease liability	13	-	-
Convertible Debenture	16	1,155,267	1,219,574
		3,417,331	5,005,331
<b>Shareholders' equity</b>			
Share capital	17	18,377,908	18,377,908
Accumulated other comprehensive loss		(147,751)	(325,606)
Reserve for stock options and warrants	17	7,497,458	7,497,458
Deficit		(26,667,394)	(26,082,370)
		(960,278)	(532,610)
Total parent shareholders' equity		(960,278)	(532,610)
Non-controlling interests	18	(346,375)	(319,706)
Total shareholders' equity		(1,306,653)	(852,316)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		2,110,678	4,153,015

Nature of operations and going concern (Note 1)

Commitments (Notes 8 and 14)

Subsequent events (Note 22)

Approved on behalf of the Board on August 22, 2022:

"Sang Mok Lee"

Director

"Collin Kim"

Director

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

**Biocure Technology Inc.**

## Consolidated Statements of Comprehensive Loss

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

		Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	Notes	\$	\$	\$	\$
<b>EXPENSES</b>					
Accretion		1,417	1,213	2,767	2,366
Amortization and depreciation		1,015	14,021	6,587	28,565
Consulting		42,443	44,500	74,635	114,000
Director and management fees	11	41,550	5,942	105,516	32,103
Filing fees		16,393	27,276	20,876	33,407
General and administrative		4,337	21,393	21,364	44,946
Insurance		7,684	-	14,257	-
Interest	12,13,15,16	39,310	56,193	70,792	92,168
Motor vehicle expenses		203	994	345	1,958
Payroll	11	27,985	131,740	74,534	217,664
Professional fees		35,187	19,310	54,031	29,547
Rent		17,305	14,024	30,184	28,557
Research and development		50,500	1,278,866	133,612	1,350,152
Share-based compensation	11,17	-	-	-	1,014,089
Supplies		-	3,154	-	7,039
Travel and entertainment		8,043	24,842	17,177	45,903
Utilities		586	652	1,933	2,432
		(293,958)	(1,644,120)	(628,610)	(3,044,896)
<b>OTHER ITEMS</b>					
Interest income		(122)	2	7,104	2
		(122)	2	7,104	2
<b>NET LOSS FOR THE PERIOD</b>					
		(294,080)	(1,644,118)	(621,506)	(3,044,894)
Loss attributable to the shareholders of the Company		(276,818)	(1,557,621)	(585,024)	(2,943,934)
Loss attributable to non-controlling interest		(17,262)	(86,497)	(36,482)	(100,960)
		(294,080)	(1,644,118)	(621,506)	(3,044,894)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Foreign currency translation		81,401	84,250	167,169	274,288
Attributable to the shareholders of the Company		76,623	79,465	157,356	258,708
Attributable to non-controlling interest	18	4,778	4,785	9,813	15,580
		81,401	84,250	167,169	274,288
<b>COMPREHENSIVE LOSS</b>					
		(212,679)	(1,559,868)	(454,337)	(2,770,606)
Attributable to the shareholders of the Company		(200,195)	(1,478,157)	(427,668)	(2,685,226)
Attributable to non-controlling interest	18	(12,484)	(81,711)	(26,669)	(85,380)
		(212,679)	(1,559,868)	(454,337)	(2,770,606)
<b>BASIC AND DILUTED LOSS PER SHARE</b>					
		(0.00)	(0.02)	(0.00)	(0.03)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING – BASIC AND DILUTED</b>					
		106,621,158	99,914,633	106,621,158	99,914,633

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

**Biocure Technology Inc.**

Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2022 and 2021

(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
		\$	\$	\$	\$	\$	\$
<b>December 31, 2020</b>	99,914,633	17,452,020	6,269,735	(654,328)	(25,071,293)	(310,501)	(2,314,367)
Share-based compensation (Note 17)	-	-	1,014,088	-	-	-	1,014,088
Net loss for the period	-	-	-	-	(1,386,312)	(14,463)	(1,400,775)
Other comprehensive income	-	-	-	179,243	-	10,794	190,037
<b>June 30, 2021</b>	99,914,633	17,452,020	7,283,823	(475,085)	(26,457,605)	(314,170)	(2,511,017)
<b>December 31, 2021</b>	<b>106,621,158</b>	<b>18,377,908</b>	<b>7,497,458</b>	<b>(325,606)</b>	<b>(26,082,370)</b>	<b>(319,706)</b>	<b>(852,316)</b>
Share-based compensation (Note 17)	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(585,024)	(36,482)	<b>(621,506)</b>
Other comprehensive loss	-	-	-	157,356	-	9,813	<b>167,169</b>
<b>June 30, 2022</b>	<b>106,621,158</b>	<b>18,377,908</b>	<b>7,497,458</b>	<b>(168,250)</b>	<b>(26,667,394)</b>	<b>(346,375)</b>	<b>(1,306,653)</b>

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

**Biocure Technology Inc.**

## Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(626,278)	(3,044,894)
Non-cash items:		
Accretion expense	2,767	2,366
Amortization and depreciation	6,587	28,565
Interest	71,557	55,974
Loss from termination of land purchase	1,665	-
Share-based compensation	-	1,014,089
Changes in non-cash working capital items:		
Receivables	(5,503)	(61,211)
Prepaid expenses and deposits	61,142	5,959
Inventory	-	41
Accounts payable and accrued liabilities	(65,337)	1,718,759
Net cash used in operating activities	(553,400)	(280,352)
<b>INVESTING ACTIVITIES</b>		
Net cash provided by investing activities	-	-
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	246,243
Repayment of borrowings	(47,411)	-
Proceeds from land termination	520,671	-
Share subscriptions received in advance	-	374,496
Lease payments	(3,619)	(7,825)
Net cash provided by financing activities	469,641	612,914
<b>EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH</b>	(1,324)	(1,009)
<b>NET CHANGE IN CASH</b>	(85,083)	331,553
<b>CASH, BEGINNING OF THE PERIOD</b>	159,097	46,679
<b>CASH, END OF THE PERIOD</b>	74,014	378,232

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

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(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 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 June 30, 2022, the Company has a working capital deficiency of \$2,123,286. 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 June 30, 2022, the Company has not earned significant revenue and has an accumulated deficit of \$26,667,394. 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*

The consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards (“IAS”) 34, ‘Interim Financial Reporting’ using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International 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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**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:

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Ownership</b>	<b>Principle Activities</b>
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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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 six months ended June 30, 2022, \$100,450 (six months ended June 30, 2021 - \$152,446) 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 June 30, 2022, 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



**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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 June 30, 2022, the Company had no potentially dilutive shares outstanding.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(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, 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 June 30, 2022, 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 June 30, 2022. 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 June 30, 2022, the Company had \$17,812 (December 31, 2021 - \$12,618) in receivables.

**5. PREPAID EXPENSES AND DEPOSITS**

	June 30, 2022	December 31, 2021
	\$	\$
Current:		
Prepaid expenses	5,632	67,040
Non-current:		
Deposits	40,999	43,880
<b>Total</b>	<b>46,631</b>	<b>110,920</b>

**Biocure Technology Inc.**

## Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**6. INVENTORY**

The Company's inventory is comprised of finished products (biosimilar) and raw materials (microneedle). As of June 30, 2022, the Company had \$3,788 (December 31 2021 - \$4,054) in inventory.

**7. EQUIPMENT**

	Facilities	Office Equipment	Computer Equipment	Testing Equipment	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
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
Additions	-	-	-	-	-
Effect of foreign exchange	(3,527)	(206)	(868)	(36,462)	(41,063)
At June 30, 2022	50,179	2,932	12,362	518,795	584,268
<b>Accumulated Depreciation</b>					
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
Charge for the period	1,306	-	2,133	-	3,439
Effect of foreign exchange	(3,482)	(206)	(732)	(36,462)	(40,882)
At June 30, 2022	50,179	2,932	11,441	518,795	583,347
<b>Net book value:</b>					
At December 31, 2021	1,351	-	3,190	-	4,541
At June 30, 2022	-	-	921	-	921

**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 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.

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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**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 six months ended June 30, 2022 and the year ended December 31, 2021 are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
<b>Balance, beginning</b>	3,153	17,304
Additions	-	-
Depreciation for the year	(3,044)	(12,968)
Effect of FX	(109)	(1,183)
<b>Balance, ending</b>	-	<b>3,153</b>

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Accounts payable	813,637	853,643
Accrued liabilities	20,270	59,573
Payroll liabilities	22,843	25,549
	<b>856,750</b>	<b>938,765</b>

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 (June 30, 2022 - \$Nil) relating to accounts payable of KRW 2,827,667,497 (June 30, 2022 - \$Nil) and the accrued interest of KRW 341,770,930 (June 30, 2022 - \$Nil).



**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(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 six months ended June 30, 2022 and 2021 were as follows:

	<b>Three months ended June 30, 2022</b>	<b>Three months ended June 30, 2021</b>	<b>Six months ended June 30, 2022</b>	<b>Six months ended June 30, 2021</b>
	\$	\$	\$	\$
Director and management fees	54,423	61,583	138,506	116,086
Share-based compensation	-	-	-	429,556
Total	54,423	61,583	138,506	545,642

**Loan payable to related parties**

As of June 30, 2022, the Company has a loan of \$47,000 (December 31, 2021 - \$47,000) payable to a significant shareholder which is non-interest bearing, unsecured, and due on demand. As of June 30, 2022, the Company has a loan of \$260,451 (KRW 261,497,514) (December 31, 2021 - \$463,622 (KRW 434,543,080)) 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**

During the six months ended June 30, 2022, directors or key management personnel did not make any share transactions.

During the year ended December 31, 2021, directors and key management personnel participated in the Company's private placement. 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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**12. LOANS PAYABLE**

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

	<b>June 30, 2022</b>	<b>December 31, 2021</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	168,087	40,411
Interest at 2.0% per annum, unsecured and due on demand	136,614	139,226
Interest at 4.6% per annum, unsecured and due on demand (Note 11)	260,451	463,627
Interest at 5% per annum, unsecured and due on demand	249,937	254,749
Interest at 10% per annum, unsecured and due on demand	247,593	252,327
Interest at 3.3% per annum (Note 15)	-	1,334,969
<b>Total</b>	<b>1,109,682</b>	<b>2,532,309</b>

During the six months ended June 30, 2022, the Company recorded interest expense of \$35,546 (2021 - \$32,559).

**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 six months ended June 30, 2022 and year ended December 31, 2021 are as follows:

	<b>June 30, 2022</b>
	\$
<b>Balance, beginning</b>	3,638
Additions	-
Lease payments	(3,686)
Finance charge	102
Effect of FX	(54)
<b>Balance, June 30, 2022</b>	-
Less: current portion	-
<b>Balance, ending</b>	-
	<b>December 31, 2021</b>
	\$
<b>Balance, beginning</b>	18,382
Additions	-
Lease payments	(15,388)
Finance charge	1,909
Effect of FX	(1,265)
<b>Balance, December 31, 2021</b>	<b>3,638</b>
Less: current portion	(3,638)
<b>Balance, ending</b>	-

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**13. LEASE LIABILITY (continued)**

The lease payments associated with leases containing a ROU asset were \$1,229 (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 June 30, 2022, the Company has a carrying balance of severance liabilities of \$258,676 (December 31, 2021 - \$276,856). The difference is due to foreign exchange variations. During the six months ended June 30, 2022, the Company recognized \$Nil (2021 - \$Nil) in severance expenses.

**15. NON-CURRENT LOAN PAYABLE**

	June 30, 2022	December 31, 2021
	\$	\$
<b>Balance, beginning</b>	34,189	1,586,922
Additions - CEBA	-	-
Repayments	-	(86,609)
Accretion - CEBA	2,768	4,967
Reclassified as current (Note 12)	-	(1,334,974)
Effect of foreign exchange	-	(136,117)
<b>Balance, ending</b>	<b>36,957</b>	<b>34,189</b>

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 six months ended June 30, 2022, the Company recorded accretion expense of \$2,767 (2021 - \$2,366).

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.

On March 25, 2022, the agreement with KLHC, was terminated and KLHC directly repaid the outstanding loan from Industrial Bank of Korea.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(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 June 30, 2022 and 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.

	<b>Debenture</b>
	<b>\$</b>
<b>Balance at December 31, 2020</b>	<b>1,332,729</b>
Change in fair value of convertible debt	5,459
Effect of FX	(118,614)
<b>Balance at December 31, 2021</b>	<b>1,219,574</b>
Change in fair value of convertible debt	20,548
Effect of FX	(84,855)
<b>Balance at June 30, 2022</b>	<b>1,155,267</b>

**17. SHARE CAPITAL****Common shares***Authorized:*

Unlimited number of common shares without par value.

*Issued:*

During the six months ended June 30, 2022, there were no additional shares 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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**17. SHARE CAPITAL (continued)****Warrants**

During the six months ended June 30, 2022, no warrants were granted, exercised, cancelled or expired.

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.

The following table summarizes the information about share purchase warrants as at June 30, 2022:

Expiry date	Warrants outstanding	Exercise Price	Weighted average remaining contractual life, in years
		\$	
October 14, 2022	1,786,725	0.21	0.54
July 14, 2023	7,240,547	0.21	1.04
	9,027,272	0.21	0.94

**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:

	June 30, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning	7,570,000	0.30	5,700,000	0.38
Granted	-	-	7,270,000	0.30
Expired/Cancelled	(300,000)	0.38	(5,400,000)	0.38
Balance, ending	7,270,000	0.30	7,570,000	0.30

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**17. SHARE CAPITAL (continued)****Stock options (continued)**

During the six months ended June 30, 2022, 300,000 options were expired.

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 June 30, 2022:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise Price</b>	<b>Weighted average remaining contractual life, in years</b>
			\$	
February 16, 2024	6,020,000	6,020,000	0.30	1.63
July 21, 2024	1,250,000	1,250,000	0.30	2.06
	7,270,000	7,270,000	0.30	1.70

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

**18. NON-CONTROLLING INTERESTS**

At December 31, 2021, the Company owned 94.13% interest in its 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:

<b>Summarized balance sheet</b>	<b>BiocurePharm Incorp.</b>	
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Current assets	13,065	1,905,500
Current liabilities	2,297,589	3,919,564
Current net assets	(2,284,524)	(2,014,064)
Non-current assets	43,905	53,800
Non-current liabilities	1,155,267	1,219,574
Non-current net assets	(1,111,362)	(1,165,774)
Net assets	(3,482,834)	(3,179,838)
Accumulated NCI	(346,375)	(319,706)

<b>Summarized statement of comprehensive income</b>	<b>BiocurePharm Incorp.</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	\$	\$
Operating expenses	(388,671)	(254,626)
Other income	5,454	-
Net income (loss) for the year	(383,217)	(254,626)
Other comprehensive income (loss)	167,169	190,038
Total comprehensive income (loss)	(216,048)	(64,588)
Comprehensive income (loss) allocated to NCI	(15,328)	(3,669)

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Fair value through profit or loss		
Cash	74,014	159,097
Investments in KWULP and KWUC	1,965,527	1,965,527
Other investment	1,027	1,099
Amortized cost		
Land deposit receivable	-	1,890,879
	<b>2,040,568</b>	<b>4,016,602</b>

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Fair value through profit or loss:		
Convertible debenture	1,155,267	1,219,574
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	856,750	938,765
Loans payable	1,146,638	2,566,498
Lease liability	-	3,638
	<b>3,158,655</b>	<b>4,728,475</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, 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.



**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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 June 30, 2022, the Company had \$83,566 (December 31, 2021 - \$168,188) in financial assets and \$677,834 (December 31, 2021 - \$622,304) 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.

**Biocure Technology Inc.**

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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**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 January 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. SUBSEQUENT EVENTS**

Subsequent to the six months ended June 30, 2022, there were no significant subsequent events.

**23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The financial statements of the Company for the six months ended June 30, 2022 were approved and authorized for issue by the Board of Directors on August xx, 2022.