

BIOCURE TECHNOLOGY INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2023 AND 2022

(Unaudited)

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

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

Biocure Technology Inc.

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2023 and December 31, 2022

(Unaudited)

(Expressed in Canadian Dollars)

		June 30, 2023	December 31,
	Notes	(Unaudited)	2022
		\$	(Audited)
			\$
ASSETS			
Current			
Cash		11,653	37,672
Receivables	7	722,166	22,094
Prepaid expenses	4	1,500	-
Asset Held for Sale		-	58,358
		<u>735,319</u>	<u>118,124</u>
Non-current			
Investments in KWULP and KWUC	5	1,965,527	1,965,527
Investments in BPK	6	890,679	-
TOTAL ASSETS		<u>3,591,525</u>	<u>2,083,651</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	8,9	807,925	713,286
Loans payable	10	83,957	81,189
Liabilities directly associated with assets as held for sale	4	-	3,616,899
		<u>891,882</u>	<u>4,411,374</u>
TOTAL LIABILITIES		<u>891,882</u>	<u>4,411,374</u>
Shareholders' equity			
Share capital	11	17,490,795	18,446,908
Accumulated other comprehensive loss		-	(418,096)
Reserve	11	10,195,104	7,497,458
Deficit		<u>(24,986,256)</u>	<u>(27,504,715)</u>
Total parent shareholders' equity		-	(1,978,445)
Non-controlling interests	12	-	(349,278)
Total shareholders' equity		<u>2,699,643</u>	<u>(2,327,723)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>3,591,525</u>	<u>2,083,651</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Board on August 25, 2023:

"Sang Mok Lee"

Director

"Collin Kim"

Director

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

Biocure Technology Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

		Restated		Restated Six
	Notes	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023
		\$	\$	months ended June 30, 2022 (Note 4)
		\$	\$	\$
EXPENSES				
Accretion		1,419	1,417	2,768
Consulting		8,000	42,443	16,250
Director and management fees	9	30,000	20,000	61,446
Filing fees		10,584	16,393	18,341
General and administrative		6,175	5,616	6,524
Insurance		7,868	7,684	15,576
Payroll		-	3,527	-
Professional fees		37,861	32,200	63,248
Travel		-	-	708
		<u>(101,907)</u>	<u>(129,280)</u>	<u>(184,153)</u>
OTHER ITEMS				
Income from equity accounted investment in BPK	6	(27,939)	-	(27,940)
Gain on retained investment	6	2,805,376	-	2,805,377
		<u>2,777,437</u>	<u>-</u>	<u>2,777,437</u>
NET GAIN (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS				
		<u>2,675,530</u>	<u>(129,280)</u>	<u>2,593,284</u>
NET INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS				
		<u>(64,495)</u>	<u>(164,800)</u>	<u>(310,068)</u>
NET LOSS FOR THE PERIOD				
		<u>2,611,035</u>	<u>(294,080)</u>	<u>2,283,216</u>
Loss attributable to the shareholders of the Company		2,620,862	(276,818)	2,307,690
Loss attributable to non-controlling interest	12	(9,827)	(17,262)	(24,474)
		<u>2,611,035</u>	<u>(294,080)</u>	<u>2,283,216</u>
OTHER COMPREHENSIVE INCOME (LOSS) (items that may be reclassified to profit or loss)				
Foreign currency translation		30,074	81,401	159,278
Attributable to the shareholders of the Company		27,700	76,623	146,706
Attributable to non-controlling interest	12	2,374	4,778	12,572
		<u>30,074</u>	<u>81,401</u>	<u>159,278</u>
COMPREHENSIVE LOSS				
		<u>2,641,109</u>	<u>(212,679)</u>	<u>2,442,495</u>
Attributable to the shareholders of the Company		2,648,562	(200,195)	2,454,397
Attributable to non-controlling interest	12	(7,453)	(12,484)	(11,902)
		<u>2,641,109</u>	<u>(212,679)</u>	<u>2,442,495</u>
BASIC AND DILUTED LOSS PER SHARE FROM CONTINUING OPERATIONS				
		0.03	(0.00)	0.02
BASIC AND DILUTED LOSS PER SHARE WEIGHTED AVERAGE SHARES OUTSTANDING – BASIC AND DILUTED				
		99,915,387	106,621,158	104,368,240
		<u>106,621,158</u>	<u>106,621,158</u>	<u>106,621,158</u>

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

Biocure Technology Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Reserve For Stock Options and Warrants	Reserve For Treasury Shares	Accumulated Other Comprehensive Loss	Deficit	Non- controlling interest	Total
December 31, 2021	106,621,158	\$ 18,377,908	\$ 7,497,458	\$ -	\$ (325,606)	\$ (26,082,370)	\$ (319,706)	\$ (852,316)
Net loss for the period	-	-	-	-	-	(585,024)	(36,482)	(621,506)
Other comprehensive income	-	-	-	-	157,356	-	9,813	167,169
June 30, 2022	106,621,158	18,377,908	7,497,458	-	(168,250)	(26,667,394)	(346,375)	(1,306,653)
December 31, 2022	108,921,158	18,446,908	7,497,458	-	(418,096)	(27,504,715)	(349,278)	(2,327,723)
Issuance of shares in subsidiary	-	-	-	-	-	210,769	80,050	290,819
Net loss for the period	-	-	-	-	-	2,307,690	(24,474)	2,283,217
Other comprehensive loss	-	-	-	-	146,706	-	12,572	159,278
Treasury shares cancelled	(27,317,506)	(956,113)	-	2,697,646	-	-	-	1,741,533
Disposal of Subsidiary	-	-	-	-	271,390	-	281,130	552,520
June 30, 2023	81,603,652	17,490,795	7,497,458	2,697,646	-	(24,986,256)	-	2,699,643

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

Biocure Technology Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

	2023	Restated 2022
		(Note 4)
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	2,593,284	(238,289)
Non-cash items:		
Accretion expense	2,768	2,767
Loss from equity accounted investment in BPK	27,940	-
Gain on retained investment for disposed subsidiary	(2,805,377)	-
Changes in non-cash working capital items:		
Receivables	17,228	(124)
Prepaid expenses and deposits	(1,500)	55,385
Accounts payable and accrued liabilities	94,638	55,530
Net cash used in operating activities – continuing operations	(71,019)	(124,731)
Net cash used in operating activities – discontinued operations	(189,612)	(429,895)
Net cash used in operating activities	(260,631)	(554,626)
INVESTING ACTIVITIES		
Repayment of disposed subsidiary loan	45,000	39,985
Net cash provided by investing activities – continuing operations	45,000	39,985
Net cash used in investing activities – discontinued operations	(1,691)	-
Net cash flow provided by investing activities	43,309	39,985
FINANCING ACTIVITIES		
Net cash provided by financing activities – continuing operations	-	-
Net cash provided by financing activities – discontinued operations	190,381	429,656
Net cash flow provided by financing activities	190,381	429,656
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH	(50)	(98)
NET CHANGE IN CASH FROM CONTINUING OPERATIONS	(26,019)	(84,746)
NET CHANGE IN CASH FROM DISCONTINUED OPERATIONS	(972)	(337)
CASH, BEGINNING OF THE PERIOD	37,672	157,481
CASH, END OF THE PERIOD	11,653	72,735

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

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2023, the Company has a working capital deficiency of \$156,563. 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, 2023, the Company has not earned significant revenue and has an accumulated deficit of \$27,791,633. The Company has material financial uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. The Condensed Consolidated Interim Financial Statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PREPARATION

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows for the three months ended and as at June 30, 2023 and 2022 have been included. Operating results for the six-month period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 Interim Financial Reporting and do not include all the information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financials for the year ended December 31, 2022.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated interim financial statements of the Company for the six months ended June 30, 2023 were approved and authorized for issue by the Board of Directors on August 25, 2023.

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)*Functional and presentation currency*

The 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.

Basis of consolidation

The condensed consolidated interim financial statements comprise of the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee
- is exposed or has right to variable returns from its involvements with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to the three elements of control listed above.

The following subsidiary was classified as held for sale – discontinued operations on December 16, 2022 pursuant to an executed agreement (Note 4) and accordingly have been presented separately since December 31, 2022. The operating results of the subsidiary are included in discontinued operations in these condensed consolidated interim financial statements:

Name of Subsidiary	Country of Incorporation	Ownership	Principle Activities
Biocurepharm Corporation (“BP Korea”)	Korea	92.11%	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. As a result of sale of common shares of BP Korea held by the Company, the Company no longer maintain control of BP Korea, and deconsolidated the entity upon loss of control on May 31, 2023.

Discontinued Operations

Effective December 16, 2022, the Company entered into agreement with Dr. Lee, President and CEO, whereby Dr. Lee will acquire 1,773,879 common shares and 57,954 preferred shares of BP Korea. The segment of BP Korea meets the criteria of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. These operating segments were not previously classified as held-for-sale or as discontinued operations. The comparative Consolidated Statements of Operations and Comprehensive Loss has been restated to show the discontinued operations separately from continuing operations (Note 4).

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)**Investments in associates**

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint arrangement. The Company is presumed to have significant influence over any entity that the Company holds 20% or more of the voting power of the investee. The Company accounts for its investment in associates using the equity method. The Company aggregates its disclosures required under IFRS for interests in associates effectively involved in advancing the same business objective. Under the equity method, the Company's investments in associates are initially recognized at cost and subsequently increased or decreased to reflect additional contributions or distributions and to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of earnings and losses of associates are recognized in profit or loss during the year. Intercompany interest on loans from the Company to its associates is recorded against its share of income from equity accounted investment, rather than as a separate line item in profit or loss. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

Significant estimates and assumptions

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

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

The preparation of 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 condensed consolidated interim financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its pharmaceutical products meet the criteria for capitalization to intangible assets up to May 31, 2023. Management determined that as at June 30, 2023, 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.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the years ended December 31, 2022 and 2021, with the exception of the following:

New and amended IFRS standards that are effective for the current year:

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies.

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

4. DISCONTINUED OPERATIONS

On May 31, 2023, the Company completed the previously announced sale to sell 1,773,879 common shares and 57,954 preferred shares of BP Korea held by the Company, representing 46% for the outstanding shares of BP Korea (the "Transaction") to Sang Mok Lee (President and CEO "Dr. Lee").

The Company received an aggregate of 27,317,506 common shares of Biocure held by Dr. Lee for cancellation and returned to treasury (Note 11).

The restructuring Transaction is designed to enable BP Korea, under the leadership of its CEO, to separately market, finance and develop its product portfolio while maintaining a minority investment in BP Korea, which was a private subsidiary of the Company.

Following completion of the restructuring Transaction, Dr. Lee will resign from the board of the Company and as its CEO.

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

4. DISCONTINUED OPERATIONS (continued)

The gain on sale of BP Korea is calculated as follows:

	May 31, 2023
	\$
Fair Market Value of treasury shares received	956,113
Investment in Associate	918,618
Net proceeds	1,874,731
Less net assets (liabilities) of discontinued operations	
Cash	258
Receivables	7,028
Deposits	42,274
Intangible Asset	984
Equipment	1,525
Other investment	422
Accounts payable and accrued liabilities	(377,840)
Loan payable	(2,021,172)
Severance liability	(266,275)
Convertible Debenture	(1,568,016)
Non-controlling interest	281,130
Carrying value of the net liabilities	(3,899,682)
Recognition of foreign currency translation loss previously recorded in AOCI	271,390
Gain on disposal of BP Korea	5,503,023

BP Korea meets the criteria of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. This operating segment was not previously classified as held-for-sale or as a discontinued operation. The comparative Consolidated Statements of Operations and Comprehensive Loss have been restated to show the discontinued operation separately from continuing operations.

	May 31, 2023	June 30, 2022
	\$	\$
EXPENSES		
Amortization and depreciation	233	6,587
Director and management fees	44,743	51,550
General and administrative	214,189	196,922
Research and Development	86,745	133,612
Other (income) and expenses	(35,842)	(5,546)
Net loss from discontinued operations	(310,068)	(383,125)
BASIC AND DILUTED LOSS PER SHARE FROM DISCONTINUED OPERATIONS	(0.00)	(0.00)

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

4. DISCONTINUED OPERATIONS (continued)

Cash provided by (used in) discontinued operations:

	May 31, 2023	June 30, 2022
	\$	\$
Net cash provided by (used in) operating activities	(189,612)	(429,895)
Net cash provided by (used in) investing activities	(1,691)	-
Net cash provided by (used in) financing activities	190,381	429,656
Effect of foreign exchange on cash	(50)	(98)
	<u>(972)</u>	<u>(337)</u>

Included in the consolidated balance sheet as of June 30, 2023 and December 31, 2022 are the following major classes of assets and liabilities associated with the discontinued operations:

	June 30, 2023	December 31, 2022
Assets of discontinued operations	\$	\$
Current:		
Cash	-	1,223
Receivables	-	11,548
Non Current:		
Deposits	-	44,374
Property, plant and equipment	-	-
Intangible asset	-	1,127
Other investment	-	86
Total Assets	<u>-</u>	<u>58,358</u>
Liabilities of discontinued operations:		
Current:		
Accounts payable and accrued liabilities	-	328,233
Loans Payable	-	1,381,259
Severance liabilities	-	279,498
Non Current:		
Convertible Debenture	-	1,627,909
Total Liabilities	<u>-</u>	<u>3,616,899</u>
Net liabilities	<u>-</u>	<u>(3,558,541)</u>

During the period ended June 30, 2023, the Company recorded interest expense of \$33,511 up to May 31, 2023 (June 30, 2022 - \$35,546) relating to the discontinued segment loans payable.

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 May 31, 2023, the Company has a carrying balance of severance liabilities in the Company's discontinued operations segment of \$266,275 (December 31, 2022 - \$279,498). During the period ended June 30, 2023, the Company recognized \$Nil (2022 - \$Nil) in severance expenses.

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

4. DISCONTINUED OPERATIONS (continued)**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, 2022 and December 31, 2021 and adjusted the fair value, based on the market conditions, interest rates and operations of BP Korea. The Company records fair value of the convertible debenture with the embedded derivative as one liability and revalues the fair market of the convertible debenture every quarter with a derivative valuation technique. The following significant inputs and assumptions were used in the model during the year ended December 31, 2022: Discount rate of 17%, Volatility of 100%, Risk-free interest rate of 3.8%.

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. As at May 31, 2023, the convertible debenture is recorded in the Company's discontinued operations segment with the following amount:

	Debenture
	\$
Balance at December 31, 2021	1,219,574
Change in fair value of convertible debt	369,348
Effect of FX	38,987
Balance at December 31, 2022	1,627,909
Change in fair value of convertible debt	17,290
Effect of FX	(77,183)
Balance at May 31, 2023	1,568,016

5. 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).

Biocure Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

5. INVESTMENTS IN KWULP AND KWUC (continued)

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 year 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, 2023, KWULP's interest has declined to 32.58%.

During the year ended December 31, 2021, the Company decided not to participate in funding for KWULP, and as KWULP incurs expenditures, the Company's interest will decrease. As at June 30, 2023, the Company owns 9.93% interest of KWULP.

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, 2023. Management has determined fair value based on the cost basis of the investment.

6. INVESTMENT IN BP KOREA

Subsequent to the Restructuring Transaction for BP Korea (Note 4), the Company owns 45% of BP Korea's outstanding share. The Company has recorded its investment in BP Korea using the equity method of accounting. The recorded value of the investment includes the carrying value of BP Korea, and the Company's 45% share of income (loss) from BP Korea.

	May 31, 2023
	\$
Fair Market Value of retained investment	918,618
45% retained carrying value of disposed subsidiary	1,886,759
Gain on retained investment	2,805,377

Changes during the period of the Company's investment relating to its interest in BP Korea is detailed as follows:

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6. INVESTMENT IN BP KOREA (continued)

	Investment in BP Korea
	\$
Balance at December 31, 2022	-
Initial recognition of retained investment	918,618
Loss from equity accounted investment	(27,940)
Balance at June 30, 2023	890,679

7. RECEIVABLES

	June 30, 2023	December 31, 2022
	\$	\$
GST receivable	4,866	22,094
Loan receivable from former subsidiary*	717,300	-
	722,166	22,094

non interest bearing and due on demand*8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	June 30, 2023	December 31, 2022
	\$	\$
Accounts payable	807,924	713,286
	807,924	713,286

As at June 30, 2023, there was \$506,748 (December 31, 2022 - \$490,507) of due to directors and officers included in accounts payable. For December 31, 2022 accounts payable balance, \$48,204 of the \$490,507 was included in discontinued operations segment's accounts payable (Note 9).

As at June 30, 2023, there was \$25,000 (December 31, 2022 - \$25,000) due to a former director included in accounts payable (Note 9).

9. RELATED PARTIES**Key management compensation**

Key management personnel include those people who have 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 Officers. The remuneration of directors and key management personnel for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$	\$	\$
Director and management fees*	60,540	54,423	143,623	138,506
Total	60,540	54,423	143,623	138,506

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9. RELATED PARTIES (continued)

**Danny Joh has resigned from the Company's board of directors on December 21, 2022, and his fees are included up to his resignation date.*

**Berkan Unal has resigned from the Company's board of directors on June 30, 2023 and his fees are included up to his resignation date.*

**CFO of BP Korea ceased to be a related party upon completion of the restructuring transaction and his fees are included up to the restructuring transaction date*

Related parties loan to BP Korea

As of June 30, 2023, the CEO of the Company lend a loan of \$530,025 (KRW 511,114,127) (December 31, 2022 - \$608,535 (KRW 564,503,661)) which bears interest at 4.6% per annum, is unsecured, and due on demand to BP Korea. The loan was still outstanding as of June 30, 2023.

Accounts payable balances outstanding to related parties and former related parties

As at June 30, 2023, there was \$506,748 (December 31, 2022 - \$490,507) of due to directors and officers included in accounts payable. For December 31, 2022 accounts payable balance, \$48,204 of the \$490,507 was included in discontinued operations segment's accounts payable (Note 8).

As at June 30, 2023, there was \$25,000 (December 31, 2022 - \$25,000) due to a former director included in accounts payable (Note 8).

Share transactions

During the six months ended June 30, 2023, the CEO of the Company sold 23,317,506 of the Company's common share in exchange for 1,773,879 common shares and 57,954 preferred shares of BP Korea held by the Company (Note 4).

During the six months ended June 30, 2022, and during the year ended December 31, 2022, directors or key management personnel did not make any share transactions.

10. LOANS PAYABLE

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

	June 30, 2023	December 31, 2022
	\$	\$
Loans payable, unsecured:		
Non-interest bearing, unsecured and due on demand	47,000	47,000
CEBA Loan	36,957	34,189
Total	83,957	81,189

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10. LOANS PAYABLE (continued)

	June 30, 2023	December 31, 2022
	\$	\$
Balance, beginning	34,189	34,189
Additions - CEBA	-	(4,994)
Repayments	-	-
Accretion - CEBA	2,768	4,994
Balance, ending	36,957	34,189

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, 2022, 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. On January 12, 2022, the government announced the repayment date will be extended to December 31, 2023. The Company recognized an additional \$4,994 of income from government assistance in other income in connection to the extension announcement. During the six months ended June 30, 2023, the Company recorded accretion expense of \$2,768 (June 30, 2022 - \$2,767). The Company anticipates a repayment of the CEBA loan prior to December 31, 2023, and has reclassified the loan to current as of December 31, 2022.

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

Unlimited number of common shares without par value.

Issued:

During the six months ended June 30, 2023, the CEO of the Company sold 23,317,506 of the Company’s common share in exchange for 1,773,879 common shares and 57,954 preferred shares of BP Korea held by the Company (Note 4). The Company cancelled and returned to its treasury 23,317,506 common shares that were received from the CEO. Upon the cancellation, \$956,113 was recorded as a reduction to shares capital for the assigned value of the shares, and \$2,697,646 in connection to the gain of the sale was allocated to reserves.

There were no transactions affecting share capital during the six months ended June 30, 2022.

During the year ended December 31, 2022, 2,300,00 shares were issued to settle \$361,846 of debt and interest. The Company recorded \$292,846 as a gain in connection to the debt settlement.

Warrants

During the six months ended June 30, 2023 and 2022, and December 31, 2022, no warrants were granted and exercised.

On October 14, 2022, 1,786,725 warrants expired with an exercise price of \$0.21.

The following table summarizes the information about share purchase warrants as at June 30, 2023:

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

Expiry date	Warrants outstanding	Exercise Price	Weighted average remaining contractual life, in years
		\$	
July 14, 2023*	7,240,547	0.21	0.04
	7,240,547	0.21	0.04

*the Company amended the terms subsequent to June 30, 2023 (Note 15)

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, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning	7,270,000	0.30	7,570,000	0.30
Granted	-	-	-	-
Expired/Cancelled	-	-	(300,000)	0.38
Balance, ending	7,270,000	0.30	7,270,000	0.30

During the year ended December 31, 2022, 300,000 options with an exercise price of \$0.38 expired on April 11, 2022.

The Company recognized stock-based compensation expense of \$Nil for the six months ended June 30, 2023 (2022 - \$Nil).

The following summarizes information about stock options outstanding and exercisable at June 30, 2023:

Expiry date	Options outstanding	Options exercisable	Exercise Price	Weighted average remaining contractual life, in years
			\$	
February 16, 2024	6,020,000	6,020,000	0.30	0.63
July 21, 2024	1,250,000	1,250,000	0.30	1.06
	7,270,000	7,270,000	0.30	0.71

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12. NON-CONTROLLING INTERESTS

All of the non-controlling interest of the Company is related to the disposed subsidiary.

At June 30, 2022, the Company owned 45.13% interest in its Korean investment BiocurePharm (Note 6), and all non-controlling interest and accumulated other comprehensive loss had been deconsolidated.

Set out below is summarized financial information for the subsidiary before any inter-company eliminations up to the date of the restructuring transaction:

Summarized balance sheet	BiocurePharm Incorp.	
	June 30, 2023	December 31, 2022
	\$	\$
Current assets	-	12,771
Current liabilities	-	2,751,290
Current net assets	-	(2,738,519)
Non-current assets	-	45,587
Non-current liabilities	-	1,627,909
Non-current net assets	-	(1,582,322)
Net assets	-	(4,320,841)
Accumulated NCI	-	(349,278)

Summarized statement of comprehensive income	BiocurePharm Incorp.	
	May 31, 2023	June 30, 2022
	\$	\$
Amortization and depreciation	(233)	(6,587)
Director and management fees	(44,743)	(51,550)
General and administrative	(214,189)	(196,922)
Research and Development	(86,745)	(133,612)
Other income and expenses	35,842	5,454
Net loss for the period	(310,068)	(383,217)
Other comprehensive income	159,278	167,169
Total comprehensive loss	(150,790)	(216,048)
Comprehensive loss allocated to NCI	(24,474)	(9,813)

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

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

	June 30, 2023	December 31, 2022
	\$	\$
Fair value through profit or loss		
Cash	11,653	37,672
Fair value through other comprehensive income		
Investments in KWULP and KWUC	1,965,527	1,965,527
Amortized cost		
Receivables (net of tax)	717,300	-
	<u>2,694,480</u>	<u>2,003,199</u>

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

	June 30, 2023	December 31, 2022
	\$	\$
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	807,924	713,286
Loans payable	47,000	47,000
	<u>854,924</u>	<u>760,286</u>

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, investment in KWULP and KWUC, receivables, payable and accrued liabilities, and loans payable. The fair value of these financial instruments, other than cash, approximates their carrying value due to the short-term nature of these instruments. Cash is measured at fair value using level 1 input.

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13. FINANCIAL INSTRUMENTS AND RISKS (continued)*Fair value (cont'd)*

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

a) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian 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 disposed subsidiary and current investment in associate's functional currency is the South Korean Won and major transactions are in South Korean Wons. The Company is not exposed to significant foreign exchange risk arising from transactions dominated in a foreign currency.

14. 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.

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15. SUBSEQUENT EVENT

Subsequent to June 30, 2023, the Company amend the terms of 6,706,525 share purchase warrants originally issued on July 14, 2021 with an expiry date on July 14, 2023. The Company extended the warrant terms to July 14, 2026, and reduced the exercise price of warrants from \$0.21 to \$0.50. The amendment will require the incorporation of an accelerated expiry provision such that the remaining exercise period of the warrants will be reduced to 30 days if, for any 10 consecutive trading days during the unexpired term of such of the warrants, the closing price of the corporation's common shares exceeds the amended exercise price by 25% or more (which would be a trading price of \$0.625 per common share or higher), with the 30-day expiry period commencing on the day the corporation disseminates a press release advising of the commencement of the exercise period.